

**MURRAY CITY CORPORATION, UTAH**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2005**

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**MURRAY CITY CORPORATION**  
**FINANCE & ADMINISTRATION**

Daniel C. Snarr, Mayor

Don Whetzel, Director

801-264-2606 FAX 801-264-2517

November 15, 2005

Citizens of Murray City  
The Honorable Mayor and  
Members of the Municipal Council  
Murray City Corporation  
Murray, Utah 84107

The Comprehensive Annual Financial Report (CAFR) of Murray City Corporation (Murray City) for the fiscal year ending June 30, 2005, is submitted herewith. Utah state law requires that 'the Finance Director in cities of the first and second class shall present to the governing body an annual financial report prepared in conformity with generally accepted accounting principals (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed, certified public accountants. This report, which fulfills these requirements, was prepared by the Murray City Finance Division.

This report consists of management's representations concerning the finances of Murray City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Murray City government has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Murray City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Murray City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Murray City's financial statements have been audited by Hansen, Bradshaw, Malmrose and Erickson, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Murray City for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Murray City's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The report of the independent auditor is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD & A). This letter of transmittal is designed to complement MD & A and should be read in conjunction with it. The Murray City's MD & A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

Murray City, incorporated in 1902, is located in the central portion of Salt Lake County, approximately 8 miles south of Salt Lake City. Murray City currently occupies a land area of about 11 square miles and serves a population of about 46,000. Murray City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to impose a 1% local option sales tax on all retail sales.

Murray City has operated under the strong mayor-council form of government since 1982. Policy-making and legislative authority are vested in the City Council which is made up of five members elected by district. The City Council is responsible, among other things, for passing ordinances, adopting the budget, approving appointments to committees and approving the department heads appointed by the Mayor. The Mayor, who is full time, is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government and for appointing the heads of the various departments. The City Council is elected on a non-partisan basis with members serving on a staggered four year term basis. The Mayor is elected at-large for a four year term.

The City provides a full range of services. These services include police and fire protection; sanitation services, the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, the governing body controls the Water Fund, the Waste Water Fund, the Power Fund, the Solid Waste Management Fund, the Telecommunications Fund, and the Murray Parkway Recreation Fund; therefore, these activities are included in the reporting entity. However, the Murray City School District has not met the established criteria for inclusion in the reporting entity, and, accordingly, is excluded from this report.

The annual budget serves as the foundation for Murray City's financial planning and control. All funds of the City are required to submit requests for appropriations to the Mayor on or before the third Monday in February each year. The Mayor uses these requests as the starting point for developing a tentative budget. The Mayor then presents this tentative budget to the City Council for review by the second Tuesday of April. The City Council is required to hold a public hearing on the tentative budget and to adopt a final budget no later than June 20<sup>th</sup>. The appropriations budget is prepared by fund, function (e.g. public safety), and department (e.g. police). With the consent of the budget officer, department heads may make transfer of appropriations within a department. Transfer of appropriations between departments requires the approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The level of budgeting control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level within an individual fund.

## **Factors Affecting Financial Conditions**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Murray City operates.

**Local Economy.** Murray City currently enjoys a fair economic environment and local indicators point to a slightly improving environment in the coming year. Murray City is a major retail center in Salt Lake County with a regional mall, nine major automobile dealerships and several big box retailers. The City expects fair economic growth over the next three to four years with the construction of additional retail and office space and the construction of a \$360,000,000 regional medical center by Intermountain Health Care.

**Long-term financial planning.** Murray City has several capital construction projects in its five year plan; including \$9,550,000 to acquire, upgrade and construct various distribution, transmission and substation facilities of the Murray City electrical system. The City has issue \$9,300,000 in Electric Revenue Bonds to finance most of the costs of this project. The City will continue to use General Fund monies to construct, repair and maintain city roads in accordance with the pavement management plan.

**Cash Management policies and practices.** Murray City has entered into agreements with two major Utah banks where the balances in checking accounts are transferred to an Automatic Repurchase Agreement at the end of each banking day. These agreements allow the City to earn interest on all idle cash. All other cash temporarily idle during the year was invested in the United States Treasury and Federal Agency Money Market accounts and the Utah Treasurer's Investment Fund. All investments are considered short term and can be redeemed in three business days. The average yield on investments was 2.40 percent for FY 05. Because all the City's investments are very short term there is minimal difference between the fair market value of its investment and its carrying value.

**Risk Management.** Murray City has employed a full time Health and Safety Manager for a number of years and uses various risk control techniques to minimize accident-related losses. Murray City is fully insured for workmen's compensation, health, commercial property and automobile liability coverage. Murray City maintains a \$250,000 deductible on its general liability policy and is fully self-insured for vehicle physical damage and unemployment compensation coverage.

**Pension and other post-employment benefits.** Murray City is a mandatory participant in the state-wide Utah Retirement System (URS), a defined benefit pension plan. Each year the URS engages an independent actuary to determine the contributory rate which must be made to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. Murray City is legally required to make this actual determined contribution to pension plans in which the City participates. As a result of URS conservative funding policy, the Contributory System is 90.3% funded, the Non-contributory Retirement System is 92.4% funded, the Public Safety Retirement System is 90.3% funded and the Firefighters Retirement System is 104.0% funded. We expect all Retirement Systems which are currently not fully funded to achieve full funding within the next ten years.

Murray City does not provide any material post-retirement health and dental care benefits for its retirees and their dependents.

### **Awards and Acknowledgments**

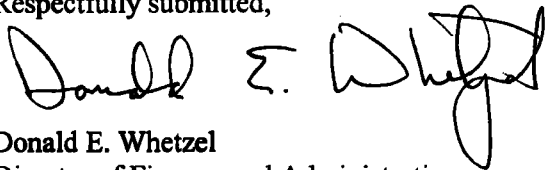
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the government for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the twenty-fourth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated

services of the entire staff of the Finance Division. I would like to express my appreciation to all members of my staff who assisted in and contributed to its preparation. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of Murray City's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Donald E. Whetzel". The signature is stylized with a large, looped "D" and a long, sweeping underline.

Donald E. Whetzel  
Director of Finance and Administration  
Chief Financial Officer

# **MURRAY CITY CORPORATION**

## **PRINCIPAL OFFICIALS**

### **ELECTED OFFICIALS**

**Daniel C. Snarr**  
Mayor

**Krista Dunn**  
Council Chairman

**James A. Brass**  
Council Member

**Pat Griffith**  
Council Member

**Jeffery L. Dredge**  
Council Member

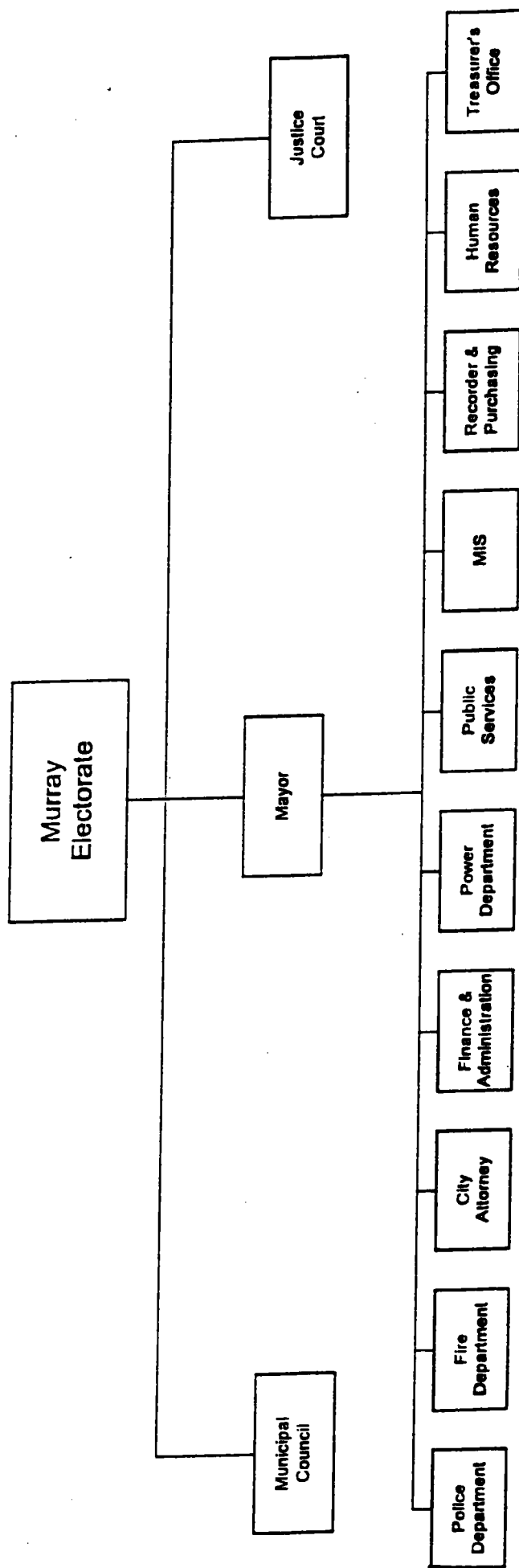
**Robbie Robertson**  
Council Member

### **DEPARTMENT AND DIVISION HEADS**

Daniel Barr  
Douglas P. Hill  
Blair Camp  
Phil Markham  
P. Gary Ferrero  
Ronald L. Koller  
G. Keith Snarr  
Peter A. Fondaco  
David Larsen  
Gary O. Merrill  
Carol D. Heales  
Don Whetzel  
Dale L. Whittle

Library Director  
Public Services Director  
Fire Chief  
Public Works Operations Manager  
Justice Court Judge  
City Treasurer  
Economic Development Director  
Police Chief  
MIS Director  
Power General Manager  
City Recorder / Purchasing Agent  
Director of Finance and Administration/CFO  
Human Resources Director

# Murray City Organization Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Murray City Corporation,  
Utah

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Ziehl*

President

*Jeffrey R. Enen*

Executive Director

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**FINANCIAL SECTION**



# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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Rick Lifferth, CPA

Members of the  
American Institute  
of Certified Public  
Accountants

Members of the  
Private Company  
Practice Section

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and Members of the City Council  
Murray City Corporation, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Murray City Corporation, Utah (the City), as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Murray City Corporation, Utah, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 11-18 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Hansen, Bradshaw, Malmrose & Erickson, P.C.*

November 10, 2005

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Murray City Corporation, we offer readers of the Murray City financial statements this narrative overview and analysis of the financial activities of Murray City for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### Financial Highlights

- The assets of Murray City exceeded its liabilities at the close of the most recent fiscal year by \$107,478,384 (net assets). Of this amount, \$36,530,478 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Murray City's total net assets increased by \$4,198,974. Approximately 75% of this increase is due to collection of additional charges for services and taxes by the governmental funds.
- As of the close of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$11,573,120, an increase of \$2,290,579 in comparison with the prior year. Approximately 68 percent of this total amount, \$7,849,797, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,233,421, or 21 percent of total general fund expenditures.
- Murray City's total bonded debt increased by \$7,005,000 (16 percent) during the current fiscal year. The key factor in this increase was the issuance of \$9,300,000 in Electric Revenue Bonds.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Murray City's basic financial statements. Murray City's basic financial statements comprise three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Murray City's finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all of Murray City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Murray City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Murray City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Murray City include general government, public safety, highways and public improvements, parks and recreation, library and community and economic development.

The business-type activities of Murray City include a Water Fund, Wastewater Fund, Power Fund, Murray Parkway Recreation Fund, Solid Waste Management Fund and Telecommunications Fund.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Murray City, like any other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Murray City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Murray City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the other seven governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Murray City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** Murray City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Murray City Government uses enterprise funds to account for its Water Fund, Waste Water Fund, Power Fund, Murray Parkway Recreation Fund, Solid Waste Management Fund and Telecommunications Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Murray City's various functions. Murray City uses internal service funds to account for maintenance of its vehicles and for its self insurance programs. Because both of these services predominantly benefit government rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, the Waste Water Fund, and for the Power Fund, all of which are considered to be major funds of Murray City government.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Murray City, assets exceeded liabilities by \$107,478,384 at the close of the most recent fiscal year.

By far the largest portion of Murray City's net assets (64 percent), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Murray City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Murray City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

| MURRAY CITY'S Net Assets                           |                         |           |                          |           |            |            |
|--|-------------------------|-----------|--------------------------|-----------|------------|------------|
| (In thousands)                                     |                         |           |                          |           |            |            |
|  | Governmental Activities |           | Business-type Activities |           | Total      |            |
|  | 2005                    | 2004      | 2005                     | 2004      | 2005       | 2004       |
| Current and other assets                           | \$ 23,534               | \$ 21,501 | \$ 21,988                | \$ 10,678 | \$ 45,522  | \$ 32,179  |
| Capital assets                                     | 47,105                  | 46,668    | 76,820                   | 79,251    | 123,925    | 125,919    |
| Total assets                                       | 70,639                  | 68,169    | 98,808                   | 89,929    | 169,447    | 158,098    |
| Long-term liabilities outstanding                  | 16,053                  | 16,810    | 33,988                   | 25,813    | 50,041     | 42,623     |
| Other liabilities                                  | 5,068                   | 5,125     | 6,861                    | 7,071     | 11,929     | 12,196     |
| Total liabilities                                  | 21,121                  | 21,935    | 40,848                   | 32,884    | 61,969     | 54,819     |
| Net assets:  |                         |           |                          |           |            |            |
| Invested in capital assets,<br>net of related debt | 29,542                  | 28,343    | 39,194                   | 49,574    | 68,735     | 77,917     |
| Restricted   | 1,899                   | 2,202     | 314                      | 4,283     | 2,213      | 6,485      |
| Unrestricted                                       | 18,077                  | 15,689    | 18,453                   | 3,189     | 36,530     | 18,878     |
| Total net assets                                   | \$ 49,518               | \$ 46,234 | \$ 57,961                | \$ 57,045 | \$ 107,478 | \$ 103,279 |

An additional portion of Murray City's net assets (2.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$36,530,478) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Murray City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$4,198,974 in net assets of Murray City during the current fiscal year. The primary reason for increase in net assets of the governmental activities was an increase in the collection of charges for services and taxes.

**Governmental activities.** Governmental activities increased Murray City's net assets by \$3,283,662, thereby accounting 78% of the total growth in the net assets of Murray City. Key elements of this increase are as follows:

**MURRAY CITY'S Changes in Net Assets**  
(In thousands)

|  | Governmental<br>Activities |                  | Business-type<br>Activities |                  | Total             |                   |
|--|----------------------------|------------------|-----------------------------|------------------|-------------------|-------------------|
|  | 2005                       | 2004             | 2005                        | 2004             | 2005              | 2004              |
| <b>Revenues:</b>                               |                            |                  |                             |                  |                   |                   |
| <b>Program revenues:</b>                       |                            |                  |                             |                  |                   |                   |
| Charges for services                           | \$ 7,711                   | \$ 6,136         | \$ 40,364                   | \$ 39,054        | \$ 48,075         | \$ 45,190         |
| Operating grants and contributions             | 370                        | 307              |                             |                  | 370               | 307               |
| Capital grants and contributions               | 1,366                      | 1,613            |                             |                  | 1,366             | 1,613             |
| <b>General revenues:</b>                       |                            |                  |                             |                  |                   |                   |
| Property taxes                                 | 6,801                      | 7,115            |                             |                  | 6,801             | 7,115             |
| Franchise taxes                                | 2,933                      | 2,141            |                             |                  | 2,933             | 2,141             |
| General sales taxes and highway sales taxes    | 13,677                     | 12,952           |                             |                  | 13,677            | 12,952            |
| Interest income                                | 464                        | 434              | 369                         | 196              | 833               | 630               |
| Gain on disposal of assets                     | 127                        | 88               | 51                          |                  | 178               | 88                |
| Miscellaneous                                  | 203                        | 492              |                             |                  | 203               | 492               |
| <b>Total revenues</b>                          | <b>33,652</b>              | <b>31,278</b>    | <b>40,784</b>               | <b>39,250</b>    | <b>74,436</b>     | <b>70,528</b>     |
| <b>Expenses:</b>                               |                            |                  |                             |                  |                   |                   |
| General government                             | 4,054                      | 4,075            |                             |                  | 4,054             | 4,075             |
| Public safety                                  | 13,877                     | 13,214           |                             |                  | 13,877            | 13,214            |
| Highways & public improvements                 | 3,724                      | 4,874            |                             |                  | 3,724             | 4,874             |
| Parks & recreation                             | 6,083                      | 5,563            |                             |                  | 6,083             | 5,563             |
| Library  | 1,380                      | 1,259            |                             |                  | 1,380             | 1,259             |
| Community & economic dev.                      | 684                        | 526              |                             |                  | 684               | 526               |
| Interest on long term debt                     | 774                        | 764              |                             |                  | 774               | 764               |
| Power  |                            |                  | 30,428                      | 30,184           | 30,428            | 30,184            |
| Water  |                            |                  | 4,047                       | 3,752            | 4,047             | 3,752             |
| Waste water                                    |                            |                  | 3,033                       | 2,945            | 3,033             | 2,945             |
| Non-major proprietary funds                    |                            |                  | 2,152                       | 2,674            | 2,152             | 2,674             |
| <b>Total expenses</b>                          | <b>30,577</b>              | <b>30,275</b>    | <b>39,660</b>               | <b>38,555</b>    | <b>70,237</b>     | <b>69,830</b>     |
| <b>Increase in net assets before transfers</b> | <b>3,075</b>               | <b>1,003</b>     | <b>1,124</b>                | <b>-305</b>      | <b>4,199</b>      | <b>697</b>        |
| <b>Rents and transfers</b>                     | <b>209</b>                 | <b>451</b>       | <b>-209</b>                 | <b>-451</b>      | <b>0</b>          | <b>0</b>          |
| <b>Increase (decrease) in net assets</b>       | <b>3,284</b>               | <b>1,454</b>     | <b>915</b>                  | <b>-756</b>      | <b>4,199</b>      | <b>697</b>        |
| <b>Net assets at beginning of year</b>         | <b>46,234</b>              | <b>44,780</b>    | <b>57,046</b>               | <b>57,802</b>    | <b>103,279</b>    | <b>102,582</b>    |
| <b>Net assets at end of year</b>               | <b>\$ 49,518</b>           | <b>\$ 46,234</b> | <b>\$ 57,961</b>            | <b>\$ 57,046</b> | <b>\$ 107,478</b> | <b>\$ 103,279</b> |

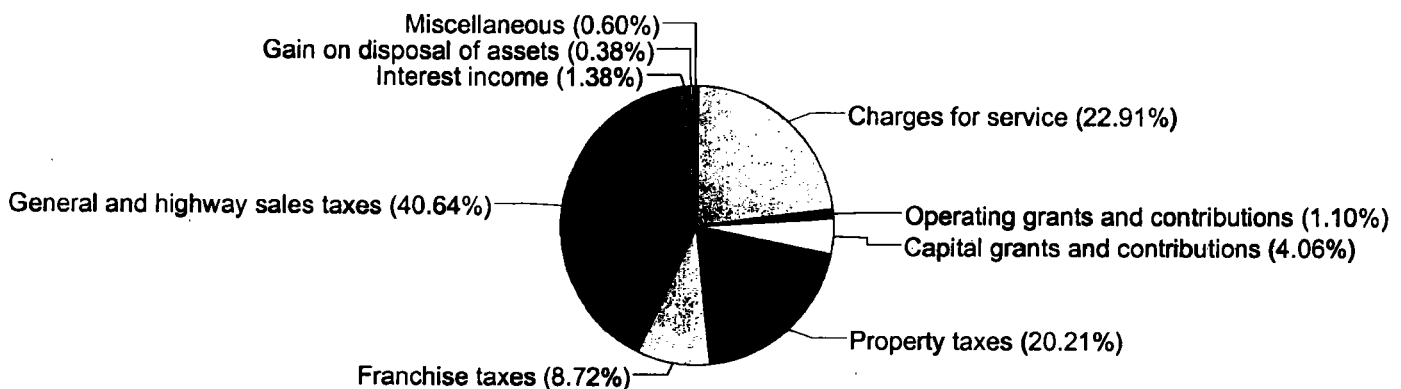
- Property taxes decreased by \$314,304 (4 percent) during the fiscal year, which is a normal variance for property taxes.
- General sales tax and highway sales taxes increased by \$724,576 (6 percent) due to a stronger local economy.
- Highways and public improvements decreased by \$1,150,039 (24 percent) due to the completion of a major road project, the 5300 South overpass.
- For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

### Expense and Program Revenue - Governmental Activities

#### Expense and Program Revenue - Governmental Activities (In thousands)

|                                       | Expense          | Program Revenue | Net Governmental Activities |
|---------------------------------------|------------------|-----------------|-----------------------------|
| General                               | \$ 4,054         | \$ 4,314        | \$ 260                      |
| Public safety                         | 13,877           | 517             | -13,360                     |
| Highways and public improvement       | 3,724            | 1,221           | -2,503                      |
| Parks, recreation and public property | 6,084            | 1,429           | -4,655                      |
| Library                               | 1,380            | 57              | -1,323                      |
| Community and Economic Development    | 684              | 1,908           | 1,224                       |
| Interest on long-term debt            | 774              | 0               | -774                        |
| <b>Total</b>                          | <b>\$ 30,577</b> | <b>\$ 9,447</b> | <b>-\$ 21,131</b>           |

### Revenue by Source - Governmental Activities



**Business-type activities.** Business-type activities increased Murray City's net assets by \$915,312. Key elements of this increase are as follows:

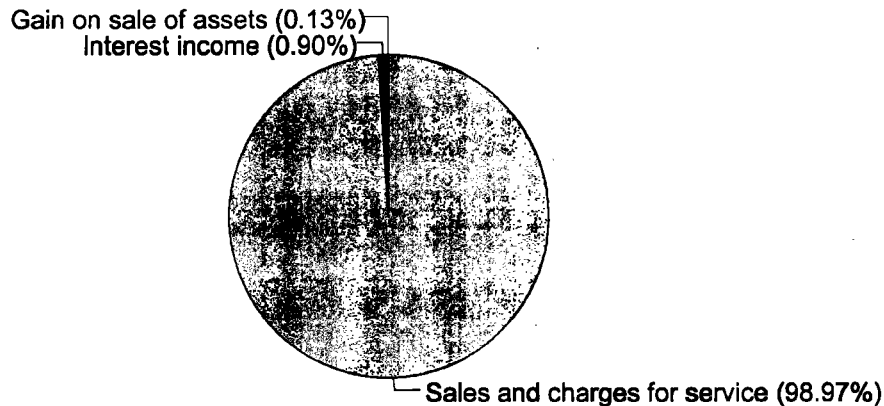
- Most of the business-type activities saw a small increase in expenses which closely match inflation and the increase in demand for services, while charges for services for business-type activities increased by \$1,309,991(3.4 percent).

## Expenses and Program Revenues - Business-type activities

### Expenses and Program Revenue - Business-type Activities (In thousands)

|                 | Expense   | Program Revenue | Net Business-type Activities |
|-----------------|-----------|-----------------|------------------------------|
| Power           | \$ 30,428 | \$ 28,963       | \$ -1,465                    |
| Water           | 4,047     | 5,083           | 1,036                        |
| Wastewater      | 3,033     | 3,888           | 855                          |
| Non-major funds | 2,152     | 2,430           | 278                          |
| Total           | \$ 39,660 | \$ 40,364       | \$ 704                       |

## Revenue by Source - Business-type activities



## Financial Analysis of the Government's Funds

As noted earlier, Murray City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of Murray City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Murray City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$11,573,120, an increase of \$2,290,579 in comparison with the prior year. Approximately 68 percent of this total amount or \$7,849,797 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to pay for road construction, 2) to generate income to pay for the perpetual care of the municipal cemetery, or 3) for a variety of other restricted purposes.

The general fund is the chief operating fund of Murray City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6,233,421, while total fund balance was \$7,978,421. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 21.1 percent of total general fund expenditures, while total fund balance represents 27.0 percent of that same amount. The fund balance of Murray City's general fund increased by \$2,366,443 during the current fiscal year.

*Proprietary funds.* Murray City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Fund at the end of the year amounted to \$3,036,648, in Waste Water Fund, unrestricted net assets amounted to \$1,372,867 and for the Power Fund, unrestricted net assets amounted to \$14,741,186.

### General Fund Budgetary Highlights

The budget of the General Fund was not amended during the current fiscal year.

### Capital Asset and Debt Administration

**Capital assets.** Murray City's investment in capital assets for its governmental and business-type activities as of June 30, 2005 amounts to \$115,810,015 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total change in Murray City's investment in capital assets for the current fiscal year was 0.0 percent (a 1.5 percent increase for governmental activities and a 0.9 percent decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Upgrade of the electrical transmission system from 47Kv to 138Kv for \$2,535,803.
- Various road improvement projects for \$2,095,000.

### MURRAY CITY'S Capital Assets (In thousands) (Net of depreciation)

|                                   | Governmental<br>Activities |                  | Business-type<br>Activities |                  | Total             |                   |
|-----------------------------------|----------------------------|------------------|-----------------------------|------------------|-------------------|-------------------|
|                                   | 2005                       | 2004             | 2005                        | 2004             | 2005              | 2004              |
| Land                              | \$ 9,944                   | \$ 9,944         | \$ 3,850                    | \$ 3,850         | \$ 13,794         | \$ 13,794         |
| Buildings                         | 24,051                     | 24,051           | 5,507                       | 5,427            | 29,558            | 29,477            |
| Improvements other than buildings | 15,121                     | 15,003           | 104,247                     | 101,669          | 119,368           | 116,672           |
| Machinery and equipment           | 11,962                     | 11,184           | 13,530                      | 13,202           | 25,492            | 24,386            |
| Infrastructure                    | 2,343                      | 1,291            | 0                           | 0                | 2,343             | 1,291             |
| Construction in progress          | 3,749                      | 3,047            | 6,853                       | 5,966            | 10,602            | 9,013             |
|                                   | 67,169                     | 64,520           | 133,987                     | 130,114          | 201,157           | 194,634           |
| Less accumulated depreciation     | -21,551                    | -19,564          | -63,795                     | -59,261          | -85,346           | -78,825           |
| <b>Net Capital Assets</b>         | <b>\$ 45,618</b>           | <b>\$ 44,956</b> | <b>\$ 70,192</b>            | <b>\$ 70,853</b> | <b>\$ 115,811</b> | <b>\$ 115,809</b> |

**Long-term debt.** At the end of the current fiscal year, Murray City had total bonded debt outstanding of \$51,630,000. All of Murray City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

**MURRAY CITY'S Outstanding Debt**  
(In thousands)

|               | Governmental<br>Activities |          | Business-type<br>Activities |          | Total    |          |
|---------------|----------------------------|----------|-----------------------------|----------|----------|----------|
|               | 2005                       | 2004     | 2005                        | 2004     | 2005     | 2004     |
| Revenue bonds | \$16,810                   | \$18,070 | \$34,820                    | \$26,555 | \$51,630 | \$44,625 |

Murray City's total bonded debt increased by \$7,005,000 (16 percent) during the current fiscal year. The key factor in this increase was the issuance of \$9,300,000 in Electric Revenue Bonds in the Power Fund.

Murray City's Electric Revenue Bonds Series 2001 and Series 2004, Water and Sewer Revenue Bonds, Excise Tax Revenue Bonds, Municipal Building Authority Lease Revenue Bonds Series 1997 and Series 2001 are rated Aaa by Moody's and are insured. The City's Sales Tax Revenue Bond Series 2002 are not rated. In May 2002, Murray City issued \$1,865,000 Sales Tax Revenue Bonds Series 2002 to finance capital improvements to various parks within the City. As allowed by state law the Redevelopment Agency of Murray City will make all principal and interest payments on these bonds over the next 10 years.

In November of 2004, Murray City issued \$9,300,000 in Electric Revenue Bonds Series 2004 to finance the upgrade of the electric transmission system from 46 kilovolts to 138 kilovolts. This upgrade has commenced and will be completed in the fall of 2007.

State statutes limit the amount of debt a governmental entity may issue to 8 percent of its total assessed valuation. The current debt limitation for Murray City is \$189,907,097, which is significantly in excess of Murray City's outstanding debt.

Additional information on Murray City's long-term debt can be found in note 4.

**Economic Factors and Next Year's Budget and Rates**

- The unemployment rate for Murray City is currently 4.7 percent, which is a decrease from a rate of 4.8 percent a year ago. This compares to the state's average unemployment rate of 4.7 percent and the national average of 5.0 percent.
- The occupancy rate of the government's retail stores and business offices has remained in the high 90 percent for the past three years.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing Murray City's budget for the 2006 fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview of Murray City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 5025 South State Street, Murray City, Utah, 84107.

**MURRAY CITY CORPORATION, UTAH**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**

|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>TOTAL</b>          |
|---|------------------------------------|-------------------------------------|-----------------------|
| <b>ASSETS</b>                                     |                                    |                                     |                       |
| Cash and cash equivalents                         | \$ 9,621,799                       | \$ 6,325,215                        | \$ 15,947,014         |
| Receivables (net of allowance for uncollectibles) | 6,540,350                          | 3,606,191                           | 10,146,541            |
| Inventories                                       | 48,139                             | 1,669,979                           | 1,718,118             |
| Internal balances                                 | 848,830                            | (848,830)                           | -                     |
| Due from other governments                        | 2,490,501                          | 111,150                             | 2,601,651             |
| Notes receivable                                  | 2,345,465                          | -                                   | 2,345,465             |
| Restricted cash                                   | 31,627                             | 10,714,124                          | 10,745,751            |
| Restricted investments                            | 1,378,696                          | -                                   | 1,378,696             |
| Land held for resale                              | 20,000                             | -                                   | 20,000                |
| Land  | 9,944,263                          | 3,849,761                           | 13,794,024            |
| Buildings   | 24,050,713                         | 5,507,056                           | 29,557,769            |
| Improvements other than building                  | 15,121,305                         | 104,246,603                         | 119,367,908           |
| Machinery and equipment                           | 9,869,490                          | 9,257,601                           | 19,127,091            |
| Furniture and fixtures                            | 2,092,056                          | 4,272,666                           | 6,364,722             |
| Infrastructure                                    | 2,342,720                          | -                                   | 2,342,720             |
| Construction in progress                          | 3,748,799                          | 6,853,415                           | 10,602,214            |
| Accumulated depreciation                          | (21,551,251)                       | (63,795,182)                        | (85,346,433)          |
| Investments in joint ventures                     | 1,466,578                          | 4,178,178                           | 5,644,756             |
| Unamortized bond issue costs                      | 228,931                            | 410,283                             | 639,214               |
| Prepaid generation and transmission fees          | -                                  | 2,450,025                           | 2,450,025             |
| <b>Total assets</b>                               | <b>70,639,011</b>                  | <b>98,808,235</b>                   | <b>169,447,246</b>    |
| <b>LIABILITIES</b>                                |                                    |                                     |                       |
| Accounts payable                                  | 898,251                            | 3,760,095                           | 4,658,346             |
| Accrued interest payable                          | 101,187                            | 192,371                             | 293,558               |
| Accrued liabilities                               | 1,525,541                          | 412,848                             | 1,938,389             |
| Deposits  | 12,699                             | 658,512                             | 671,211               |
| Unearned revenue                                  | 126,638                            | -                                   | 126,638               |
| Compensated absences                              | 933,888                            | 352,511                             | 1,286,399             |
| Non current liabilities                           |                                    |                                     |                       |
| Due within one year                               | 1,470,441                          | 1,483,782                           | 2,954,223             |
| Due in more than one year                         | 16,052,567                         | 33,987,531                          | 50,040,098            |
| <b>Total liabilities</b>                          | <b>21,121,212</b>                  | <b>40,847,650</b>                   | <b>61,968,862</b>     |
| <b>NET ASSETS</b>                                 |                                    |                                     |                       |
| Invested in capital assets, net of debt           | 29,541,665                         | 39,193,479                          | 68,735,144            |
| Restricted for debt service                       | 1,378,696                          | 314,066                             | 1,692,762             |
| Restricted for perpetual care - nonexpendable     | 520,000                            | -                                   | 520,000               |
| Unrestricted                                      | 18,077,438                         | 18,453,040                          | 36,530,478            |
| <b>Total net assets</b>                           | <b>\$ 49,517,799</b>               | <b>\$ 57,960,585</b>                | <b>\$ 107,478,384</b> |

The notes to the financial statements are an integral part of this statement.

**MURRAY CITY CORPORATION, UTAH**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

|   | Program Revenues |                      |                                    |                                  | Total                    |
|---|------------------|----------------------|------------------------------------|----------------------------------|--------------------------|
|   | Expenses         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |                          |
| Governmental activities                     |                  |                      |                                    | Net Governmental Activities      | Business-type Activities |
| General government                          | \$ 4,054,281     | \$ 4,303,470         | \$ 11,000                          | \$ 260,189                       | \$ 260,189               |
| Public safety                               | 13,877,094       | 234,154              | 283,126                            | (13,359,814)                     | (13,359,814)             |
| Highways and public improvements            | 3,724,064        | 0                    | 20,627                             | (2,503,341)                      | (2,503,341)              |
| Parks, recreation and public property       | 6,083,456        | 1,403,926            | 25,000                             | (4,654,530)                      | (4,654,530)              |
| Library                                     | 1,379,520        | 26,810               | 29,871                             | (1,322,839)                      | (1,322,839)              |
| Community and economic development          | 684,436          | 1,742,881            |                                    | 1,224,037                        | 1,224,037                |
| Interest on long-term debt                  | 774,296          |                      |                                    | (774,296)                        | (774,296)                |
| Total governmental activities               | 30,577,147       | 7,711,241            | 369,624                            | 1,365,688                        | (21,130,594)             |
| Business-type activities                    |                  |                      |                                    |                                  |                          |
| Power                                       | 30,428,215       | 28,963,206           | -                                  | \$ (1,465,009)                   | (1,465,009)              |
| Water                                       | 4,046,970        | 5,082,931            | -                                  | 1,035,961                        | 1,035,961                |
| Wastewater                                  | 3,032,725        | 3,887,480            | -                                  | 854,755                          | 854,755                  |
| Golf course                                 | 1,469,321        | 1,344,921            |                                    | (124,400)                        | (124,400)                |
| Telecommunications                          | -                | 272,002              |                                    | 272,002                          | 272,002                  |
| Solid waste                                 | 682,874          | 813,042              |                                    | 130,168                          | 130,168                  |
| Total business-type activities              | 39,660,105       | 40,363,582           | -                                  | 703,477                          | 703,477                  |
| General Revenues                            |                  |                      |                                    |                                  |                          |
| Taxes                                       |                  |                      |                                    |                                  |                          |
| Property taxes                              |                  |                      |                                    | 6,801,198                        | 6,801,198                |
| Franchise taxes                             |                  |                      |                                    | 2,933,072                        | 2,933,072                |
| General sales taxes and highway sales taxes |                  |                      |                                    | 13,676,733                       | 13,676,733               |
| Interest income                             |                  |                      |                                    | 369,377                          | 369,377                  |
| Gain on sale and disposal of assets         |                  |                      |                                    | 126,981                          | 126,981                  |
| Miscellaneous                               |                  |                      |                                    | 203,347                          | 203,347                  |
| Rent and transfers                          |                  |                      |                                    | 209,000                          | (209,000)                |
| Total general revenue and transfers         |                  |                      |                                    | 24,414,256                       | 24,414,256               |
| Change in net assets                        |                  |                      |                                    | 3,283,662                        | 915,312                  |
| Net assets - beginning                      |                  |                      |                                    | 46,234,137                       | 57,045,273               |
| Net assets - ending                         |                  |                      |                                    | \$ 49,517,799                    | \$ 57,960,585            |
|   |                  |                      |                                    |                                  | \$ 107,478,384           |

The notes to the financial statements are an integral part of this statement.

**Murray City Corporation**  
**June 30, 2005**

**Governmental Funds**  
**Balance Sheet**

|  | General              | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>                              |                      |                                |                                |
| Cash and cash equivalents                  | \$ 6,676,845         | \$ 2,205,821                   | \$ 8,882,666                   |
| Receivables                                |                      |                                |                                |
| Property taxes                             | 3,740,000            | 1,270,000                      | 5,010,000                      |
| Special assessments                        | 20,859               | -                              | 20,859                         |
| Other                                      | 1,509,373            | -                              | 1,509,373                      |
| Notes receivable                           | 2,345,465            | -                              | 2,345,465                      |
| Due from other funds                       | 1,177,480            | 31,500                         | 1,208,980                      |
| Due from other governments                 | 2,367,113            | 123,388                        | 2,490,501                      |
| Land held for sale                         | -                    | 20,000                         | 20,000                         |
| Restricted cash                            | -                    | 31,627                         | 31,627                         |
| Restricted investments                     | -                    | 1,378,696                      | 1,378,696                      |
| <b>Total assets</b>                        | <b>\$ 17,837,135</b> | <b>\$ 5,061,032</b>            | <b>\$ 22,898,167</b>           |
| <b>LIABILITIES AND FUND BALANCE</b>        |                      |                                |                                |
| <b>Liabilities</b>                         |                      |                                |                                |
| Accounts payable                           | 825,809              | 45,766                         | 871,575                        |
| Accrued liabilities                        | 1,281,043            | 34,495                         | 1,315,538                      |
| Due to other funds                         | 100,150              | 110,000                        | 210,150                        |
| Deposits                                   | 12,699               | -                              | 12,699                         |
| Deferred revenue                           | 7,489,375            | 1,270,000                      | 8,759,375                      |
| Compensated absences                       | 149,638              | 6,072                          | 155,710                        |
| <b>Total liabilities</b>                   | <b>9,858,714</b>     | <b>1,466,333</b>               | <b>11,325,047</b>              |
| <b>Fund Balances</b>                       |                      |                                |                                |
| Reserved for debt service                  | -                    | 1,378,696                      | 1,378,696                      |
| Reserved for class C roads                 | 515,000              | -                              | 515,000                        |
| Reserved for land held for resale          | -                    | 20,000                         | 20,000                         |
| Reserved for UTOPIA                        | 1,230,000            | -                              | 1,230,000                      |
| Reserved for cemetery perpetual care       | -                    | 520,000                        | 520,000                        |
| Reserved for working capital               | -                    | 59,627                         | 59,627                         |
| Unreserved, reported in                    |                      |                                |                                |
| General fund                               | 6,233,421            | -                              | 6,233,421                      |
| Special revenue funds                      | -                    | 880,814                        | 880,814                        |
| Capital projects funds                     | -                    | 196,680                        | 196,680                        |
| Permanent fund                             | -                    | 538,882                        | 538,882                        |
| <b>Total fund balances</b>                 | <b>7,978,421</b>     | <b>3,594,699</b>               | <b>11,573,120</b>              |
| <b>Total liabilities and fund balances</b> | <b>\$ 17,837,135</b> | <b>\$ 5,061,032</b>            |                                |

Amounts reported for governmental activities in the statement of net assets are different because:

|   |                      |
|---|----------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.   | 47,084,673           |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.  | 8,861,668            |
| Internal service funds are used by management to charge the costs of fleet management and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. | 387,473              |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.  | (18,389,135)         |
| <b>Net assets of governmental activities</b>  | <b>\$ 49,517,799</b> |

The notes to the financial statements are an integral part of this statement.

**Murray City Corporation**  
**Year ended June 30, 2005**

**Governmental Funds**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance**

|   | General             | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>                             |                     |                                |                                |
| Taxes and special assessments               | \$ 22,479,549       | \$ 2,365,532                   | \$ 24,845,081                  |
| Licenses and permits                        | 2,235,131           | -                              | 2,235,131                      |
| Intergovernmental                           | 1,539,849           | 195,463                        | 1,735,312                      |
| Charges for services                        | 1,735,337           | 40,940                         | 1,776,277                      |
| Fines and forfeitures                       | 2,357,026           | 26,810                         | 2,383,836                      |
| Rents and concessions                       | -                   | 1,326,320                      | 1,326,320                      |
| Miscellaneous                               | 197,379             | 5,648                          | 203,027                        |
| Interest                                    | 409,369             | 54,556                         | 463,925                        |
| <b>Total revenues</b>                       | <b>30,953,640</b>   | <b>4,015,269</b>               | <b>34,968,909</b>              |
| <b>Expenditures</b>                         |                     |                                |                                |
| Current                                     |                     |                                |                                |
| General government                          | 5,074,547           | -                              | 5,074,547                      |
| Public safety                               | 13,913,342          | -                              | 13,913,342                     |
| Highways and public improvements            | 4,809,252           | -                              | 4,809,252                      |
| Parks, recreation and public property       | 5,525,074           | -                              | 5,525,074                      |
| Library                                     | -                   | 1,514,125                      | 1,514,125                      |
| Community and economic development          | -                   | 200,684                        | 200,684                        |
| Redevelopment                               | -                   | 476,071                        | 476,071                        |
| Municipal Building Authority                | -                   | 915                            | 915                            |
| Capital outlay                              | -                   | 6,766                          | 6,766                          |
| Debt service                                |                     |                                |                                |
| Principal                                   | 155,000             | 1,105,000                      | 1,260,000                      |
| Interest and admin. charges                 | 29,322              | 742,572                        | 771,894                        |
| <b>Total expenditures</b>                   | <b>29,506,537</b>   | <b>4,046,133</b>               | <b>33,552,670</b>              |
| <b>Excess of revenues over expenditures</b> | <b>1,447,103</b>    | <b>(30,864)</b>                | <b>1,416,239</b>               |
| <b>Other financing sources (uses)</b>       |                     |                                |                                |
| Capital lease financing                     | 733,008             | -                              | 733,008                        |
| Transfers in                                | 45,000              | 200,000                        | 245,000                        |
| Transfers out                               | -                   | (245,000)                      | (245,000)                      |
| Sale of fixed assets                        | 141,332             | -                              | 141,332                        |
| <b>Total other financing sources (uses)</b> | <b>919,340</b>      | <b>(45,000)</b>                | <b>874,340</b>                 |
| <b>Net change in fund balances</b>          | <b>2,366,443</b>    | <b>(75,864)</b>                | <b>2,290,579</b>               |
| <b>Fund balances, beginning of year</b>     | <b>5,611,978</b>    | <b>3,670,563</b>               | <b>9,282,541</b>               |
| <b>Fund balances, end of year</b>           | <b>\$ 7,978,421</b> | <b>\$ 3,594,699</b>            | <b>\$ 11,573,120</b>           |

The notes to the financial statements are an integral part of this statement.

**MURRAY CITY CORPORATION**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2005**

Amounts reported for governmental activities in the statement of activities (page 20) are different because:

|  |             |
|--|-------------|
| Net change in fund balances - total governmental funds (page 22) | \$2,290,579 |
|--|-------------|

|  |         |
|--|---------|
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p> | 680,136 |
|--|---------|

|   |            |
|---|------------|
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p> | ( 118,081) |
|---|------------|

|   |         |
|---|---------|
| <p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p> | 520,816 |
|---|---------|

|  |           |
|--|-----------|
| <p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.</p> | ( 77,953) |
|--|-----------|

|  |                   |
|--|-------------------|
| <p>Internal services funds are used by management to charge the costs of fleet management and risk management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p> | ( <u>11,835</u> ) |
|--|-------------------|

|   |             |
|---|-------------|
| Change in net assets of governmental activities (page 20) | \$3,283,662 |
|---|-------------|

The notes to the financial statements are an integral part of this statement.

**Murray City Corporation**  
**Year ended June 30, 2005**

**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**In Fund Balance - Budget and Actual**

|  | Budgeted Amounts  |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|---|
|  | Original          | Final             |                   |   |
| <b>Revenues</b>                          |                   |                   |                   |   |
| <b>Taxes</b>                             |                   |                   |                   |   |
| General property taxes                   | \$ 4,700,000      | \$ 4,700,000      | \$ 4,553,747      | \$ (146,253)  |
| General sales and use taxes              | 13,190,000        | \$ 13,190,000     | 13,676,733        | 486,733   |
| Franchise taxes                          | 2,155,000         | 2,155,000         | 2,933,072         | 778,072   |
| In lieu of tax transfer                  | 1,372,000         | 1,372,000         | 1,315,997         | (56,003)  |
| <b>Total taxes</b>                       | <b>21,417,000</b> | <b>21,417,000</b> | <b>22,479,549</b> | <b>1,062,549</b>  |
| <b>Licenses and permits</b>              |                   |                   |                   |   |
| Business licenses                        | 580,000           | 580,000           | 471,917           | (108,083)   |
| Alcoholic beverage licenses              | 14,000            | 14,000            | 9,037             | (4,963)   |
| Other licenses                           | 7,000             | 7,000             | 11,296            | 4,296   |
| Permits                                  | 1,421,000         | 1,421,000         | 1,742,881         | 321,881   |
| <b>Total licenses and permits</b>        | <b>2,022,000</b>  | <b>2,022,000</b>  | <b>2,235,131</b>  | <b>213,131</b>  |
| <b>Intergovernmental</b>                 |                   |                   |                   |   |
| Class C road allotment                   | 1,810,000         | 1,810,000         | 1,200,096         | (609,904)   |
| State liquor allotment                   | 26,000            | 26,000            | 42,980            | 16,980  |
| State emergency medical services program | 15,000            | 15,000            | -                 | (15,000)  |
| F.E.M.A. grant                           | 26,000            | 26,000            | 20,627            | (5,373)   |
| Local law enforcement grant              | 221,000           | 221,000           | 235,187           | 14,187  |
| Victim advocate grant                    | 40,000            | 40,000            | 4,959             | (35,041)  |
| Salt Lake County grant                   | 4,000             | 4,000             | 11,000            | 7,000   |
| ZAP tax grant                            | 37,000            | 37,000            | 25,000            | (12,000)  |
| <b>Total intergovernmental</b>           | <b>2,179,000</b>  | <b>2,179,000</b>  | <b>1,539,849</b>  | <b>(639,151)</b>  |
| <b>Charges for services</b>              |                   |                   |                   |   |
| Parks and recreation                     | 1,274,000         | 1,274,000         | 1,084,337         | (189,663)   |
| Special police services and paramedic    | 239,000           | 239,000           | 234,154           | (4,846)   |
| Heritage center                          | 140,000           | 140,000           | 135,617           | (4,383)   |
| Cemetery lots and services               | 172,000           | 172,000           | 143,032           | (28,968)  |
| Other services                           | 108,000           | 108,000           | 138,197           | 30,197  |
| <b>Total charges for services</b>        | <b>1,933,000</b>  | <b>1,933,000</b>  | <b>1,735,337</b>  | <b>(197,663)</b>  |
| <b>Miscellaneous</b>                     |                   |                   |                   |   |
| Fines and forfeitures                    | 2,208,000         | 2,208,000         | 2,357,026         | 149,026   |
| Interest                                 | 141,000           | 141,000           | 409,369           | 268,369   |
| Miscellaneous                            | 188,000           | 188,000           | 197,379           | 9,379   |
| <b>Total miscellaneous</b>               | <b>2,537,000</b>  | <b>2,537,000</b>  | <b>2,963,774</b>  | <b>426,774</b>  |
| <b>Total revenues</b>                    | <b>30,088,000</b> | <b>30,088,000</b> | <b>30,953,640</b> | <b>865,640</b>  |

(Continued)

**Murray City Corporation**  
**Year ended June 30, 2005**

**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual - Continued**

| Expenditures                                 | Budgeted Amounts |              | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|--------------|--------------|---|
|  | Original         | Final        |              |   |
| General government                           |                  |              |              |   |
| Legislative                                  | 282,000          | 282,000      | 260,943      | 21,057  |
| Justice Court                                | 1,368,900        | 1,368,900    | 1,241,068    | 127,832   |
| Mayor  | 418,800          | 418,800      | 418,194      | 606   |
| Finance                                      | 92,600           | 92,600       | 88,137       | 4,463   |
| Treasurer                                    | 2,100            | 2,100        | 359          | 1,741   |
| Recorder and business licensing              | 262,500          | 262,500      | 260,873      | 1,627   |
| Legal  | 338,300          | 338,300      | 302,116      | 36,184  |
| Planning and zoning                          | 516,300          | 516,300      | 489,973      | 26,327  |
| Nondepartmental                              | 590,600          | 590,600      | 503,119      | 87,481  |
| Government building                          | 370,200          | 370,200      | 358,923      | 11,277  |
| Personnel                                    | 274,800          | 274,800      | 215,591      | 59,209  |
| Data processing                              | 778,700          | 778,700      | 777,902      | 798   |
| Telecommunications                           | 102,100          | 102,100      | 79,414       | 22,686  |
| Community development                        | 93,100           | 93,100       | 77,935       | 15,165  |
| Total general government                     | 5,491,000        | 5,491,000    | 5,074,547    | 416,453   |
| Public safety                                |                  |              |              |   |
| Police department                            | 8,259,200        | 8,259,200    | 8,211,772    | 47,428  |
| Fire department                              | 5,126,600        | 5,126,600    | 5,123,000    | 3,600   |
| Building inspection                          | 716,200          | 716,200      | 578,570      | 137,630   |
| Total public safety                          | 14,102,000       | 14,102,000   | 13,913,342   | 188,658   |
| Highways and public improvements             |                  |              |              |   |
| Engineering                                  | 694,900          | 694,900      | 691,054      | 3,846   |
| Streets and highways                         | 1,677,600        | 1,677,600    | 1,657,105    | 20,495  |
| Class C road                                 | 2,584,000        | 2,404,000    | 1,704,495    | 699,505   |
| Road construction                            | 503,100          | 503,100      | 459,952      | 43,148  |
| Shops and garages                            | 298,500          | 298,500      | 296,646      | 1,854   |
| Total highways and public improvements       | 5,758,100        | 5,578,100    | 4,809,252    | 768,848   |
| Parks  | 3,331,200        | 3,331,200    | 3,304,826    | 26,374  |
| Organized recreation                         | 1,876,500        | 1,876,500    | 1,875,826    | 674   |
| Cemetery                                     | 345,200          | 345,200      | 344,422      | 778   |
| Total parks, recreation, and public property | 5,552,900        | 5,552,900    | 5,525,074    | 27,826  |
| Debt service                                 |                  |              |              |   |
| Principal                                    | 3,000            | 155,000      | 155,000      | -   |
| Interest                                     | 3,000            | 31,000       | 29,322       | 1,678   |
| Total debt service                           | 6,000            | 186,000      | 184,322      | 1,678   |
| Total expenditures                           | 30,910,000       | 30,910,000   | 29,506,537   | 1,403,463   |
| Other financing sources (uses)               |                  |              |              |   |
| Capital lease financing                      | 445,000          | 445,000      | 733,008      | 288,008   |
| Sale of fixed assets                         | 332,000          | 332,000      | 141,332      | (190,668)   |
| Operating transfers in                       | 45,000           | 45,000       | 45,000       | -   |
| Net other financing sources (uses)           | 822,000          | 822,000      | 919,340      | 97,340  |
| Net change in fund balance                   | -                | -            | 2,366,443    | 2,366,443   |
| Fund balance at beginning of year            | 5,611,978        | 5,611,978    | 5,611,978    | -   |
| Fund balance at end of year                  | \$ 5,611,978     | \$ 5,611,978 | \$ 7,978,421 | \$ 2,366,443  |

The notes to the financial statements are an integral part of this statement.

|  | Business Type Activities - Enterprise Funds |                        |               |                                      |                | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|--|---|------------------------|---------------|--------------------------------------|----------------|--|
|  | Water<br>Fund                               | Waste<br>Water<br>Fund | Power<br>Fund | Non-<br>Major<br>Enterprise<br>Funds | Totals<br>2005 |  |
| <b>ASSETS</b>                                  |   |                        |               |                                      |                |  |
| <b>Current assets</b>                          |   |                        |               |                                      |                |  |
| Cash and cash equivalents                      | \$ 2,602,412                                | \$ 1,433,959           | \$ 1,801,290  | \$ 487,554                           | \$ 6,325,215   | \$ 739,133   |
| Receivables                                    |   |                        |               |                                      |                |  |
| Accounts                                       | 349,375                                     | 266,309                | 2,875,834     | 42,541                               | 3,534,059      | \$ 118   |
| Others   | 8,975                                       | -                      | 63,157        | -                                    | 72,132         | -  |
| Due from other funds                           | 33,288                                      | 10,085                 | 35,362        | -                                    | 78,735         | -  |
| Due from other governments                     | -   | 111,150                | -             | -                                    | 111,150        | -  |
| Inventories                                    | -   | -                      | 1,610,806     | 59,173                               | 1,669,979      | 48,139   |
| Total current assets                           | 2,994,050                                   | 1,821,503              | 6,386,449     | 589,268                              | 11,791,270     | 787,390  |
| <b>Noncurrent assets</b>                       |   |                        |               |                                      |                |  |
| Restricted cash                                | 422,702                                     | -                      | 10,291,422    | -                                    | 10,714,124     | -  |
| Property, plant and equipment                  |   |                        |               |                                      |                |  |
| Land   | 1,714,666                                   | 178,487                | 1,630,272     | 326,336                              | 3,849,761      | -  |
| Buildings                                      | 570,550                                     | 949,132                | 3,189,840     | 797,534                              | 5,507,056      | -  |
| Improvements other than buildings              | 18,538,057                                  | 7,776,639              | 76,692,786    | 3,785,295                            | 106,792,777    | -  |
| Machinery and equipment                        | 2,534,912                                   | 1,279,795              | 4,752,672     | 690,222                              | 9,257,601      | 126,588  |
| Furniture and fixtures                         | 394,806                                     | 102,762                | 3,775,098     | -                                    | 4,272,666      | -  |
| Construction in progress                       | 244,954                                     | -                      | 4,062,287     | -                                    | 4,307,241      | -  |
| Accumulated depreciation                       | (9,803,253)                                 | (4,085,386)            | (46,138,810)  | (3,767,733)                          | (63,795,182)   | (66,825)   |
| Net property, plant and equipment              | 14,194,692                                  | 6,201,429              | 47,964,145    | 1,831,654                            | 70,191,920     | 59,763   |
| <b>Other assets</b>                            |   |                        |               |                                      |                |  |
| Unamortized bond issue costs                   | 21,564                                      | 12,889                 | 375,830       | -                                    | 410,283        | -  |
| Prepaid generation and<br>transmission fees    | -   | -                      | 2,450,025     | -                                    | 2,450,025      | -  |
| Investment in joint ventures                   | -   | 4,178,178              | -             | -                                    | 4,178,178      | -  |
| Total other assets                             | 21,564                                      | 4,191,067              | 2,825,855     | -                                    | 7,038,486      | -  |
| Total noncurrent assets                        | 14,638,958                                  | 10,392,496             | 61,081,422    | 1,831,654                            | 87,944,530     | 59,763   |
| Total assets                                   | \$ 17,633,008                               | \$ 12,213,999          | \$ 67,467,871 | \$ 2,420,922                         | \$ 99,735,800  | \$ 847,153   |
| <b>LIABILITIES</b>                             |   |                        |               |                                      |                |  |
| <b>Current liabilities</b>                     |   |                        |               |                                      |                |  |
| Accounts payable                               | \$ 218,829                                  | \$ 73,489              | \$ 3,457,229  | \$ 10,548                            | \$ 3,760,095   | \$ 26,676  |
| Accrued liabilities                            | 44,486                                      | 18,979                 | 306,677       | 42,706                               | 412,848        | 210,003  |
| Due to other funds                             | 10,085                                      | 6,480                  | -             | 911,000                              | 927,565        | 150,000  |
| Long-term debt - current portion, net          | 194,024                                     | 115,976                | 1,078,769     | 95,013                               | 1,483,782      | -  |
| Accrued interest                               | 53,791                                      | 32,153                 | 106,427       | -                                    | 192,371        | -  |
| Total current liabilities                      | 521,215                                     | 247,077                | 4,949,102     | 1,059,267                            | 6,776,661      | 386,679  |
| <b>Noncurrent liabilities</b>                  |   |                        |               |                                      |                |  |
| Deposits                                       | -   | -                      | 658,512       | -                                    | 658,512        | -  |
| Compensated absences                           | 74,477                                      | 16,358                 | 233,695       | 27,981                               | 352,511        | 13,238   |
| Long-term debt                                 | -   | -                      | -             | 199,681                              | 199,681        | -  |
| Revenue bonds payable, due after one year, net | 4,935,076                                   | 2,949,924              | 25,902,850    | -                                    | 33,787,850     | -  |
| Total noncurrent liabilities                   | 5,009,553                                   | 2,966,282              | 26,795,057    | 227,662                              | 34,998,554     | 13,238   |
| Total liabilities                              | 5,530,768                                   | 3,213,359              | 31,744,159    | 1,286,929                            | 41,775,215     | 399,917  |
| <b>NET ASSETS</b>                              |   |                        |               |                                      |                |  |
| Invested in capital assets, net of debt        | 9,065,592                                   | 7,313,707              | 20,982,526    | 1,831,654                            | 39,193,479     | 59,763   |
| Restricted for debt service                    | -   | 314,066                | -             | -                                    | 314,066        | -  |
| Unrestricted                                   | 3,036,648                                   | 1,372,867              | 14,741,186    | (697,661)                            | 18,453,040     | 387,473  |
| Total net assets                               | \$ 12,102,240                               | \$ 9,000,640           | \$ 35,723,712 | \$ 1,133,993                         | \$ 57,960,585  | \$ 447,236   |

The notes to the financial statements are an integral part of this statement.

Murray City Corporation  
Year ended June 30, 2005

Proprietary Funds  
Statement of Revenues, Expenses,  
and Changes in Fund Net Assets

|   | Business Type Activities - Enterprise Funds |                        |               |                                      |                | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|---|---|------------------------|---------------|--------------------------------------|----------------|--|
|   | Water<br>Fund                               | Waste<br>Water<br>Fund | Power<br>Fund | Non-<br>Major<br>Enterprise<br>Funds | Totals<br>2005 |  |
| Operating revenues                          |   |                        |               |                                      |                |  |
| Sales and charges for services              | \$ 3,828,387                                | \$ 3,106,984           | \$ 26,571,079 | \$ 1,380,608                         | \$ 34,887,058  | \$ 434,940   |
| Connection and servicing fees               | 1,240,859                                   | 773,739                | 1,699,856     | -                                    | 3,714,454      | -  |
| Green fees                                  | -   | -                      | -             | \$ 779,247                           | 779,247        | -  |
| Other                                       | 13,685                                      | 6,757                  | 692,271       | \$ 270,110                           | 982,823        | -  |
| Total operating revenues                    | 5,082,931                                   | 3,887,480              | 28,963,206    | 2,429,965                            | 40,363,582     | 434,940  |
| Operating expenses                          |   |                        |               |                                      |                |  |
| Production or purchase of power             | -   | -                      | 16,544,212    | -                                    | 16,544,212     | -  |
| Transmission, distribution, and maintenance | 1,686,865                                   | 734,450                | 12,198        | -                                    | 2,433,513      | -  |
| Administration and general                  | 1,208,218                                   | 462,813                | 5,474,204     | 476,141                              | 7,621,376      | -  |
| Depreciation and amortization               | 729,670                                     | 359,967                | 3,396,618     | 273,166                              | 4,759,421      | 4,332  |
| Operations and maintenance                  | -   | 707,456                | 3,215,763     | 906,754                              | 4,829,973      | 457,447  |
| Jordan River Parkway                        | -   | -                      | -             | 455,926                              | 455,926        | -  |
| In lieu of tax transfer                     | 342,363                                     | 266,484                | 685,142       | 22,008                               | 1,315,997      | -  |
| Total operating expenses                    | 3,967,116                                   | 2,531,170              | 29,328,137    | 2,133,995                            | 37,960,418     | 461,779  |
| Operating income (loss)                     | 1,115,815                                   | 1,356,310              | (364,931)     | 295,970                              | 2,403,164      | (26,839)   |
| Nonoperating revenues (expenses)            |   |                        |               |                                      |                |  |
| Interest revenue                            | 53,887                                      | 7,434                  | 305,636       | 2,420                                | 369,377        | 15,004   |
| Interest expense                            | (215,854)                                   | (175,459)              | (1,100,078)   | (18,200)                             | (1,509,591)    | -  |
| Loss in joint venture                       | -   | (399,096)              | -             | -                                    | (399,096)      | -  |
| Gain on disposal of equipment               | 43,988                                      | -                      | 7,470         | -                                    | 51,458         | -  |
| Net nonoperating revenues (expenses)        | (117,979)                                   | (567,121)              | (786,972)     | (15,780)                             | (1,487,852)    | 15,004   |
| Change in net assets                        | 997,836                                     | 789,189                | (1,151,903)   | 280,190                              | 915,312        | (11,835)   |
| Net assets at beginning of year             | 11,104,404                                  | 8,211,451              | 36,875,615    | 853,803                              | 57,045,273     | 459,071  |
| Net assets at end of year                   | \$ 12,102,240                               | \$ 9,000,640           | \$ 35,723,712 | \$ 1,133,993                         | \$ 57,960,585  | \$ 447,236   |

The notes to the financial statements are an integral part of this statement.

|   | Business Type Activities - Enterprise Funds |                        |               |                                      |                | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|---|---|------------------------|---------------|--------------------------------------|----------------|--|
|   | Water<br>Fund                               | Waste<br>Water<br>Fund | Power<br>Fund | Non-<br>Major<br>Enterprise<br>Funds | Totals<br>2005 |  |
| <b>Cash flows from operating activities</b>   |   |                        |               |                                      |                |  |
| Receipts from customers and users   | \$ 5,235,398                                | \$ 3,887,945           | \$ 28,832,899 | \$ 2,447,746                         | \$ 40,403,988  | \$ 460,958   |
| Payments to suppliers   | (2,384,751)                                 | (1,619,297)            | (20,361,295)  | (1,156,314)                          | (25,521,657)   | (168,985)  |
| Payments to employees   | (1,273,862)                                 | (549,935)              | (4,303,634)   | (709,107)                            | (6,836,538)    | (283,084)  |
| Payments for quasi-external transfers   | (342,363)                                   | (266,484)              | (685,142)     | (22,008)                             | (1,315,997)    | -  |
| Net cash provided by operating activities   | 1,234,422                                   | 1,452,229              | 3,482,828     | 560,317                              | 6,729,796      | 8,889  |
| <b>Cash flows from noncapital financing activities</b>  |   |                        |               |                                      |                |  |
| Advances from (to) other funds  | (33,288)                                    | (1,793,520)            | 320,822       | (319,000)                            | (1,824,986)    | -  |
| Net cash provided by (used in) noncapital financing activities                                | (33,288)                                    | (1,793,520)            | 320,822       | (319,000)                            | (1,824,986)    | -  |
| <b>Cash flows from capital and related financing activities</b>                               |   |                        |               |                                      |                |  |
| Acquisition and construction of property, plant, and equipment                                | (763,864)                                   | -                      | (3,296,553)   | (37,949)                             | (4,098,366)    | -  |
| Proceeds from sale of capital assets  | 43,988                                      | -                      | 7,470         | -                                    | 51,458         | -  |
| Proceeds from issuance of bonds   | -   | -                      | 9,675,388     | -                                    | 9,675,388      | -  |
| Bond issuance costs paid  | -   | -                      | (246,725)     | -                                    | (246,725)      | -  |
| Principal paid on revenue bonds and debt  | (190,900)                                   | (114,100)              | (730,000)     | (91,902)                             | (1,126,902)    | -  |
| Interest paid   | (216,808)                                   | (176,031)              | (1,087,695)   | (18,200)                             | (1,498,734)    | -  |
| Net cash provided by (used in) capital and related financing activities                       | (1,127,584)                                 | (290,131)              | 4,321,885     | (148,051)                            | 2,756,119      | -  |
| <b>Cash flows from investing activities</b>   |   |                        |               |                                      |                |  |
| Interest and dividends received   | 53,887                                      | 7,434                  | 305,636       | 2,420                                | 369,377        | 15,004   |
| Investments in joint ventures   | -   | 1,084,895              | -             | -                                    | 1,084,895      | -  |
| Net cash provided by investing activities   | 53,887                                      | 1,092,329              | 305,636       | 2,420                                | 1,454,272      | 15,004   |
| <b>Net increase in cash and cash equivalents</b>  | 127,437                                     | 460,907                | 8,431,171     | 95,686                               | 9,115,201      | 23,893   |
| <b>Cash and cash equivalents at beginning of year</b>   | 2,897,677                                   | 973,052                | 3,661,541     | 391,868                              | 7,924,138      | 715,240  |
| <b>Cash and cash equivalents at end of year</b>   | \$ 3,025,114                                | \$ 1,433,959           | \$ 12,092,712 | \$ 487,554                           | \$ 17,039,339  | \$ 739,133   |
| Unrestricted cash   | 2,602,412                                   | 1,433,959              | 1,801,290     | 487,554                              | 6,325,215      | 739,133  |
| Restricted cash   | 422,702                                     | -                      | 10,291,422    | -                                    | 10,714,124     | -  |
|   | \$ 3,025,114                                | \$ 1,433,959           | \$ 12,092,712 | \$ 487,554                           | \$ 17,039,339  | \$ 739,133   |
| <b>Reconciliation of operating income (loss) to net cash provided by operating activities</b> |   |                        |               |                                      |                |  |
| Operating income (loss)   | \$ 1,115,815                                | \$ 1,356,310           | \$ (364,931)  | \$ 295,970                           | \$ 2,403,164   | \$ (26,839)  |
| Adjustments to reconcile operating income (loss) to net cash provided by                      |   |                        |               |                                      |                |  |
| Depreciation and amortization   | 730,868                                     | 360,684                | 3,517,306     | 273,166                              | 4,882,024      | 4,332  |
| Changes in assets and liabilities   |   |                        |               |                                      |                |  |
| Accounts receivable   | 160,892                                     | 465                    | (196,522)     | 3,451                                | (31,614)       | -  |
| Other receivables   | (8,525)                                     | -                      | 138,764       | -                                    | 130,239        | -  |
| Inventories   | -   | -                      | (72,549)      | 14,330                               | (58,219)       | 26,136   |
| Accounts payable  | (772,788)                                   | (266,444)              | 359,811       | (20,896)                             | (700,317)      | (1,442)  |
| Accrued liabilities   | 3,769                                       | 1,814                  | 36,332        | (2,466)                              | 39,449         | 1,737  |
| Compensated absences  | 4,291                                       | (600)                  | 18,204        | (3,238)                              | 18,657         | 5,083  |
| Customer deposits   | -   | -                      | 46,413        | -                                    | 46,413         | -  |
| Net cash provided by operating activities   | \$ 1,234,422                                | \$ 1,452,229           | \$ 3,482,828  | \$ 560,317                           | \$ 6,729,796   | \$ 9,007   |

The notes to the financial statements are an integral part of this statement.

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The basic financial statements of Murray City Corporation (the City) have been prepared in conformity with accounting principles (GAAP) generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

The City of Murray was incorporated November 25, 1902. The City operates under a strong Mayor Council form of government. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). The component units discussed below are included as part of the City's reporting entity as blended component units.

The Redevelopment Agency of Murray City (RDA) was established in 1976 to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board of trustees composed of the City Mayor and members of the Municipal Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

The Municipal Building Authority of Murray City Corporation (MBA) was established to finance and construct municipal buildings that are then leased to the City. The MBA is governed by a five-member board of trustees composed of the Municipal Council. Although it is a legally separate entity from the City, the MBA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the MBA. The MBA is included in these financial statements as the Municipal Building Authority Special Revenue Fund. Separate financial statements are not issued for the MBA.

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 45 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The Power Fund accounts for the activities of the City's electrical production and distribution operations.

The Water Fund accounts for the activities of the City's water production, treatment and distribution operations.

The Wastewater Fund accounts for the operation and maintenance of the City's sewer collection system and sewage treatment.

Additionally, the City reports the following fund types:

Internal Service funds to account for the self-insurance activities of the various funds throughout the City and to account for the costs of operating a maintenance facility for vehicles and equipment owned by the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds includes the cost of sales and services. Operating expenses for enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity

Cash, Deposits and Investments Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The State Treasurer's Investment Fund operates in accordance with state laws and regulations. The reported value of the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

Receivables and Payables Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". In the Power, Water, Wastewater, and Solid Waste Management funds, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2005 were estimated based on July billings and are included in the operating revenues and accounts receivable at year-end.

Inventories and Prepaid Items Inventories of materials and supplies in the proprietary funds, consisting principally of materials used in the repair of the transmission, distribution, collection and treatment systems, are valued at cost and accounted for on a first-in, first-out basis (FIFO). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

As permitted by GASB Statement No. 34, the City has not retroactively recorded infrastructure assets. All infrastructure assets acquired prior to June 30, 2001 will be reported in subsequent years as the amounts are determined.

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Assets, Liabilities, and Net Assets or Equity (Continued)**

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

|                           |                |
|---------------------------|----------------|
| Building and improvements | 10 to 40 years |
| Infrastructure            | 20 to 50 years |
| Machinery and equipment   | 4 to 10 years  |
| Furniture and fixtures    | 5 to 10 years  |
| Water and sewer lines     | 33 years       |

**Compensated Absences** For governmental funds amounts of vested or accumulated vacation leave and comp time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation leave and comp time of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave without limitation. Accumulated sick leave is paid to employees upon retirement, with a limitation of 25 percent of accumulated hours. Employees that are terminated for reasons other than retirement are not paid for accumulated sick leave. The liability for accumulated sick pay amounts is not accrued, as the amount is insignificant.

**Long-Term Obligations** In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Restricted Assets** Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service as well as unexpended portions of bonds issued for capital construction purposes.

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets**

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant and equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

|                          |                            |
|--------------------------|----------------------------|
| Cost of capital assets   | \$68,635,924               |
| Accumulated depreciation | <u>( 21,551,251)</u>       |
| Total difference         | <u><u>\$47,084,673</u></u> |

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2005 were:

|                                    |                            |
|------------------------------------|----------------------------|
| Municipal Building Authority bonds | \$12,545,000               |
| Sales tax revenue bonds            | 1,800,000                  |
| Excise tax revenue bonds           | 2,465,000                  |
| Capital lease                      | 713,008                    |
| Interest payable on long-term debt | 101,187                    |
| Compensated absences               | <u>764,940</u>             |
| Total difference                   | <u><u>\$18,389,135</u></u> |

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**Explanation of Certain Differences Between Governmental Fund Operating Statements and the Statement of Net Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follow:

|                            |                   |
|----------------------------|-------------------|
| Capital outlay             | \$3,023,345       |
| Depreciation expense       | <u>2,343,209</u>  |
| Net difference as reported | <u>\$ 680,136</u> |

3. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Prior to May 1, the Mayor submits to the Municipal Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the proposed sources of revenues.

Between May 1 and June 20, the Municipal Council reviews and adjusts the Mayor's proposed budget. On or before June 20, a public hearing is held and the budget is legally adopted through passage of a resolution.

After the budget is adopted, the Finance Director may transfer any unencumbered or unexpended appropriation amount from one expenditure account to another within a department. The Municipal Council may, by resolution, transfer any unencumbered or unexpended appropriation amount from one department in a fund to another department within the same fund.

When the Municipal Council determines that an emergency exists, such as widespread damage from fire, flood, or earthquake the Municipal Council may increase the budget of the General Fund by resolution or a public hearing.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Fund. In the General Fund, budgets are adopted at the functional level and budgetary control is exercised at the departmental level. For Special Revenue Funds, budgets are adopted and control is exercised at the level of total expenditures for each individual fund.

Annual budgets for the General Fund, all Special Revenue Funds (Municipal Building Authority Fund, Library Fund, Redevelopment Agency Fund, Community Development Fund and Economic Development Fund), and the Capital Projects Fund were legally adopted by the City and are prepared on the modified-accrual method of accounting.

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

3. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**Budgetary Information (Continued)**

Encumbrances (commitments related to unperformed purchase orders or contracts for goods or services) are used only as an internal management control device during the year. The City does not have any encumbrances outstanding at year end since appropriations lapse at year end. However, encumbered amounts are generally reappropriated and honored as part of the following year's budget.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of actual versus such budgets for governmental funds.

**Tax Revenues**

Property taxes are collected by the Salt Lake County Treasurer and remitted to the City in two to three installments in November, December, and January of each fiscal year and a final settlement by March 31st. Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of delinquent current and prior year's property taxes beyond that which was received within 60 days after fiscal year end has not been made, as the amounts are not deemed to be material. An accrual for current year property taxes estimated to be collected the following November and December is made each year.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City including telephone, cable television, gas utility, and electric utility companies. The fees are remitted on a monthly, quarterly, semi-annual, or annual basis. An accrual has not been made for fees due and payable to the City at June 30th as the amounts are not deemed to be material.

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

4. DETAILED NOTES FOR ALL FUNDS

Deficit Fund Equity

The Telecommunications Enterprise Fund had a deficit net assets of \$310,317 at June 30, 2005. This fund started operations in 2001 and will eliminate this deficit in the next fiscal year through lease or sale of the City's fiber optic backbone ring. The Central Garage Internal Service Fund has a deficit net assets of \$78,795 at June 30, 2005. This deficit will be eliminated by increased charges for services in future years.

Cash and Investments

Listed below is a summary of the cash and temporary cash investment portfolio of the City as of June 30, 2005. Investments are governed by the Utah Money Management Act. At June 30, 2005, the carrying amount of the City's demand deposits was \$735,165 and the bank balance was \$1,995,785. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,885,785 was uninsured and uncollateralized.

The following table provide information about the credit and market risks associated with the City's temporary cash investments.

**Category 1** - includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.

**Category 2** - includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the City's name.

**Category 3** - includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department or agent but not in the City's name.

|   | <u>Category</u> |                    |               | <u>Reported Amount/<br/>Fair Value</u> |
|---|-----------------|--------------------|---------------|--|
|   | <u>1</u>        | <u>2</u>           | <u>3</u>      |  |
| U.S. Government Securities                    | \$ ---          | \$1,801,398        | \$ ---        | \$ 1,801,398                           |
| Investments not subject to<br>categorization: |                 |                    |               |  |
| State Public Treasurer's<br>Investment Fund   | ---             | ---                | ---           | <u>25,534,898</u>                      |
| Total investments                             | <u>\$ ---</u>   | <u>\$1,801,398</u> | <u>\$ ---</u> | <u>\$27,336,296</u>                    |

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

The deposits and investments described above are included on the government-wide statement of net assets as follows:

|                           |                            |
|---------------------------|----------------------------|
| Cash and cash equivalents | \$15,947,014               |
| Restricted cash           | 10,745,751                 |
| Restricted investments    | <u>1,378,696</u>           |
|                           | <u><b>\$28,071,461</b></u> |

**Deposits**

Enterprise fund deposits are deposits the City requires from residential renters and any business receiving a utility connection. The deposit is refundable after 2 years for residential and business customers upon satisfactory payment history.

**Receivables**

Receivables as of year end for the City's individual major funds and nonmajor and internal service funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

|                                    | <u>General</u>            | <u>Water</u>            | <u>Waste<br/>Water</u>  | <u>Power</u>              | <u>Nonmajor<br/>and Other<br/>Funds</u> | <u>Total</u>               |
|------------------------------------|---------------------------|-------------------------|-------------------------|---------------------------|---|----------------------------|
| Receivables:                       |                           |                         |                         |                           |   |                            |
| Taxes                              | \$3,740,000               | \$ ---                  | \$ ---                  | \$ ---                    | \$1,270,000                             | \$ 5,010,000               |
| Accounts and other                 | 1,509,373                 | 362,527                 | 272,352                 | 3,035,627                 | 43,574                                  | 5,223,453                  |
| Special assessments                | 20,859                    | ---                     | ---                     | ---                       | ---                                     | 20,859                     |
| Intergovernmental                  | <u>2,367,113</u>          | <u>---</u>              | <u>111,150</u>          | <u>---</u>                | <u>123,388</u>                          | <u>2,601,651</u>           |
| Gross receivables                  | 7,637,345                 | 362,527                 | 383,502                 | 3,035,627                 | 1,436,962                               | 12,855,963                 |
| Less: allowance for uncollectibles | <u>---</u>                | <u>( 4,177)</u>         | <u>( 6,043)</u>         | <u>( 96,636)</u>          | <u>( 915)</u>                           | <u>( 107,771)</u>          |
| Net total receivables              | <u><b>\$7,637,345</b></u> | <u><b>\$358,350</b></u> | <u><b>\$377,459</b></u> | <u><b>\$2,938,991</b></u> | <u><b>\$1,436,047</b></u>               | <u><b>\$12,748,192</b></u> |

Revenues of the Water, Wastewater and Power Fund are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

|   |                        |
|---|------------------------|
| Uncollectibles related to wastewater service charges  | \$ 81                  |
| Uncollectibles related to power charges               | 19,234                 |
| Uncollectibles related to solid waste service charges | <u>1,364</u>           |
| Total uncollectibles of the current fiscal year       | <u><b>\$20,679</b></u> |

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the government funds were as follows:

|  | <u>Unavailable</u> | <u>Unearned</u>  |
|--|--------------------|------------------|
| Note receivable (General Fund)                         | \$2,345,465        | \$ ---           |
| Sales taxes receivable (General Fund)                  | 1,260,438          | ---              |
| Property taxes receivable (General Fund)               | 3,740,000          | ---              |
| Property taxes receivable (Library Fund)               | 1,270,000          | ---              |
| Special assessments not yet due (General Fund)         | 16,834             | ---              |
| Various prepayments received (General Fund)            | <u>---</u>         | <u>126,638</u>   |
| Total deferred/unearned revenue for governmental funds | <u>\$8,632,737</u> | <u>\$126,638</u> |

Notes Receivable

General Fund notes receivable include a \$2,345,465 third party promissory note for the sale of property known as the Sports Mall. The note has an interest rate of nine percent with monthly principal and interest payments of \$26,796. Under the note, the City will receive monthly installment payments through May 15, 2017 at which time all unpaid principal and interest become due.

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

|                                   | <u>Beginning Balance</u> | <u>Increases</u>   | <u>Decreases</u>   | <u>Ending Balance</u> |
|-----------------------------------|--------------------------|--------------------|--------------------|-----------------------|
| Governmental activities:          |                          |                    |                    |                       |
| Land                              | \$ 9,944,263             | \$ ---             | \$ ---             | \$ 9,944,263          |
| Buildings                         | 24,050,713               | ---                | ---                | 24,050,713            |
| Improvements                      | 15,003,181               | 118,124            | ---                | 15,121,305            |
| Infrastructure                    | 1,291,265                | 1,051,455          | ---                | 2,342,720             |
| Machinery and equipment, etc.     | 9,534,375                | 710,004            | 374,889            | 9,869,490             |
| Furniture and fixtures            | 1,649,979                | 442,077            | ---                | 2,092,056             |
| Construction in progress          | <u>3,047,114</u>         | <u>701,685</u>     | <u>---</u>         | <u>3,748,799</u>      |
|                                   | <u>64,520,890</u>        | <u>3,023,345</u>   | <u>374,889</u>     | <u>67,169,346</u>     |
| Less: accumulated depreciation    |                          |                    |                    |                       |
| Buildings                         | 5,584,567                | 603,229            | ---                | 6,187,796             |
| Improvements                      | 6,329,676                | 711,334            | ---                | 7,041,010             |
| Infrastructure                    | 87,699                   | 78,332             | ---                | 166,031               |
| Machinery and equipment           | 6,318,500                | 778,735            | 360,538            | 6,736,697             |
| Furniture and fixtures            | <u>1,243,806</u>         | <u>175,911</u>     | <u>---</u>         | <u>1,419,717</u>      |
|                                   | <u>19,564,248</u>        | <u>2,347,541</u>   | <u>360,538</u>     | <u>21,551,251</u>     |
| Net governmental capital assets   | <u>\$44,956,642</u>      | <u>\$ 675,804</u>  | <u>\$ 14,351</u>   | <u>\$45,618,095</u>   |
|                                   |                          |                    |                    |                       |
|                                   | <u>Beginning Balance</u> | <u>Increases</u>   | <u>Decreases</u>   | <u>Ending Balance</u> |
| Business-type activities:         |                          |                    |                    |                       |
| Land                              | \$ 3,849,761             | \$ ---             | \$ ---             | \$ 3,849,761          |
| Buildings                         | 5,426,515                | 80,541             | ---                | 5,507,056             |
| Improvements other than buildings | 101,669,518              | 2,577,085          | ---                | 104,246,603           |
| Machinery and equipment           | 8,928,862                | 553,707            | 224,968            | 9,257,601             |
| Furniture and fixtures            | 4,272,666                | ---                | ---                | 4,272,666             |
| Construction in process           | <u>5,966,384</u>         | <u>3,407,063</u>   | <u>2,520,032</u>   | <u>6,853,415</u>      |
|                                   | <u>130,113,706</u>       | <u>6,618,396</u>   | <u>2,745,000</u>   | <u>133,987,102</u>    |
| Less: accumulated depreciation    |                          |                    |                    |                       |
| Buildings                         | 3,264,694                | 204,319            | ---                | 3,469,013             |
| Improvements other than buildings | 45,348,642               | 3,834,169          | ---                | 49,182,811            |
| Machinery and equipment           | 7,494,707                | 601,939            | 224,968            | 7,871,678             |
| Furniture and fixtures            | <u>3,152,688</u>         | <u>118,992</u>     | <u>---</u>         | <u>3,271,680</u>      |
|                                   | <u>59,260,731</u>        | <u>4,759,419</u>   | <u>224,968</u>     | <u>63,795,182</u>     |
| Net business-type capital assets  | <u>\$ 70,852,975</u>     | <u>\$1,858,977</u> | <u>\$2,520,032</u> | <u>\$70,191,920</u>   |

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

In the government-wide financial statements depreciation was charged as follows by program or activity:

|                                       |               |
|---------------------------------------|---------------|
| Governmental activities:              |               |
| General government                    | \$ 409,192    |
| Public safety                         | 702,598       |
| Highways and public improvements      | 449,319       |
| Parks, recreation and public property | 755,907       |
| Library                               | <u>30,525</u> |

|  |                    |
|--|--------------------|
| Total depreciation expense - governmental activities | <u>\$2,347,541</u> |
|--|--------------------|

|                           |                |
|---------------------------|----------------|
| Business-type activities: |                |
| Water                     | \$ 729,670     |
| Wastewater                | 359,967        |
| Power                     | 3,396,618      |
| Murray Parkway Recreation | <u>273,164</u> |

|   |                    |
|---|--------------------|
| Total depreciation expense - business type activities | <u>\$4,759,419</u> |
|---|--------------------|

Interfund Receivable, Payables and Transfers

At June 30, 2005, interfund balances due to or from other funds was as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u>       | <u>Amount</u>      |
|------------------------|---------------------------|--------------------|
| General                | Wastewater                | \$ 6,480           |
|                        | Central Garage            | 150,000            |
|                        | Community Development     | 110,000            |
|                        | Murray Parkway Recreation | 600,000            |
|                        | Telecommunications        | 311,000            |
| Waste Water            | Water                     | 10,085             |
| Library                | General                   | 28,000             |
| Redevelopment Agency   | General                   | 3,500              |
| Water                  | General                   | 33,288             |
| Power                  | General                   | <u>35,362</u>      |
|                        |                           | <u>\$1,287,715</u> |

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

In addition to the above amounts which will be repaid by the respective funds, transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2005 were as follows:

| <u>Fund Transferring Out</u> | <u>Fund Receiving Transfer</u> | <u>Amount</u>           |
|------------------------------|--------------------------------|-------------------------|
| Cemetery Perpetual Care      | General                        | \$ 45,000               |
| Capital Projects             | Economic Development           | <u>200,000</u>          |
|                              |                                | <u><u>\$245,000</u></u> |

**Investments in Joint Ventures**

The City is a participant in several joint ventures listed below that generate financial resources through member assessments, surcharge taxes, or user fees. The City reflects its equity position (in the net resources of the joint ventures) in the funds which have the rights to such resources.

**Trans-Jordan Cities** The City has an approximate 9.72 percent ownership share in the Trans-Jordan Cities (the Association) joint enterprise. The City's equity in the net resources of the Association at June 30, 2005, is reported in the government-wide statement of net assets. The Association was organized in 1968 as a joint enterprise fund of the Cities of Sandy, Midvale, West Jordan, and Murray, Utah. The City of South Jordan, Utah joined the Association during fiscal year 1997. The cities of Draper and Riverton, Utah joined the Association during fiscal year 1998. The primary purpose of the Association is the operation, maintenance and control of a refuse dumping site east of Bingham Canyon in Salt Lake County. The City has no firm commitments to make additional equity investments in Trans-Jordan Cities.

The Association is governed by its Board of Directors. Under the organization agreement, the Board of Directors is composed of the Mayors, or their appointed representatives, of the participating cities. The Board of Directors appoints the management and staff of the Association and approves all financial matters such as the operating budget and usage fees.

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Investments in Joint Ventures (Continued)

Separate audited financial statements for Trans-Jordan Cities may be obtained from Trans-Jordan Cities, Accounting Department at 10873 South 7200 West, South Jordan, UT 84095.

Central Valley Water Reclamation Facility The Waste Water Fund (an enterprise fund) has an approximate 4.9 percent ownership in the Central Valley Water Reclamation Facility (the Facility). The Facility, a separate legal entity and political subdivision of the State of Utah, was formed pursuant to the Utah Interlocal Co-operation Act. The Facility's membership consists of five special-purpose government entities and two cities. The Facility was formed to plan, construct and operate a regional sewage treatment facility for the benefit of the seven members. Members of the Facility are required to pay their proportionate share of monthly operating costs, construction costs and maintenance and administrative costs. The Facility is governed by its Board of Directors. Under the Organization Agreement, all seven members (one of whom is the City), are entitled to designate one of the Facility's seven directors. The City's share of operating maintenance and administrative expenses amounted to \$723,889 in 2005. The Waste Water Fund received a net distribution of \$1,084,895 from the facility in 2005 and recorded a \$399,096 loss on joint venture resulting in a net decrease in its investment in the facility of \$1,483,991.

Separate compiled financial statements for Central Valley Water Reclamation Facility may be obtained from the Central Valley Water Reclamation Facility Accounting Department at 800 West Central Valley Road, Salt Lake City, UT 84119.

Interlocal Agreements

Utah Associated Municipal Power System (UAMPS) The Power Department is a member of the Utah Associated Municipal Power Systems (UAMPS). UAMPS, a joint action agency and political subdivision of the State of Utah, was formed by an Organization Agreement dated November 6, 1980, pursuant to the provisions of the Utah Interlocal Co-operation Act. UAMPS' membership consists of 34 municipalities, one joint action agency, one electric service district and one water conservancy district.

UAMPS is a legally separate entity, which possesses the ability to establish its own budget, incur debt, sue and be sued, and own and lease property. No other governmental units in Utah exercise significant control over UAMPS. As such, UAMPS is not a component unit as defined by the Governmental Accounting Standards Board in their Statement No. 14, "The Financial Reporting Entity".

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

UAMPS' purposes include planning, financing, developing, acquiring, constructing, improving, bettering, operating and maintaining of projects, or ownership interests or capacity rights therein, for the generation, transmission and distribution of electric energy for the benefit of its members.

As a member of UAMPS, the City has participated in various individual projects. The City acquired for \$45,662 an approximate five percent interest in the Hunter II power plant project. During the year ended June 30, 1990, the City acquired an approximate five percent entitlement in UAMPS' share of a transmission service project from Craig, Colorado to Mona, Utah (the Craig-Mona project) for \$1,805,428. The City acquired an additional 1.6 mega watts of plant capacity in the San Juan Generating Station Unit 4 for \$1,953,599 during 1994. These entitlement payments represent prepayment of future generation fees for the projects and are being amortized over the lives of the service contracts. The unamortized balance of prepaid generation and transmission fees at June 30, 2005 is \$2,450,025.

Under various power sales contracts, UAMPS' members are required to pay their proportionate share of all operation and maintenance expenses and debt service on the revenue bonds issued by UAMPS, and any other energy-related costs, as defined in the contract regardless of whether any power is supplied to the Power Fund. The City has no firm commitments to make additional equity investments in UAMPS or in any specified projects of AMPS.

Under the organization agreement, the four members with the greatest financial obligations to UAMPS, one of which is the City, are each entitled to designate one of UAMPS' directors. All other directors are selected from the representatives of the remaining UAMPS members.

Separate financial statements for UAMPS may be obtained from the Manager of Finance at 2825 East Cottonwood Parkway, Suite #200, Salt Lake City, UT 84121.

**Valley Emergency Communications Center**

The City is a member of the Valley Emergency Communications Center (the Center). The Center was organized June 30, 1988, as a joint enterprise between the City, Midvale City, Salt Lake County, Sandy City, South Jordan City, West Jordan City and West Valley City. The primary purpose of the Center is to fund and operate a communications center which handles communications and other services for the members, including police, fire, 911 service, dispatch and records services.

The Center is governed by a Board of Trustees consisting of one representative from each member appointed by the governing body thereof. The Center's activities are funded by a surcharge tax on telephones within each member's city and member assessments. The Board of Trustees sets assessments for all member agencies in amounts sufficient to provide the funds required by the annual budget. The Center determines the 911 assessments for the telephone users within the members' jurisdictions.

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Separate audited financial statements for Valley Emergency Communications Center may be obtained from the Finance Director at 5360 South 5885 West, West Valley City, UT 84118.

DEA - Metro Task Force The City is a member and lead agency of the Drug Enforcement Administration (DEA) Metro Task Force (the Task Force). The Task Force is an interlocal co-operative organized to investigate and prosecute controlled substance offenders in the Salt Lake metropolitan area. The membership of the Task Force consists of sixteen Federal, State, County and Municipal law enforcement agencies. Activities of the Task Force are funded through federal and state grants, with no funds being provided by the participating members.

Separate audited financial statements for DEA-Metro Task Force may be obtained from Murray City Corporation, Office of Finance and Administration, 5025 South State Street, Murray, UT 84157-0520.

Revenue Bonds

The City has issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds.

Under an agreement between the City and the Redevelopment Agency, the Redevelopment Agency will make all principal and interest payments on the Series 2002 sales tax bonds.

Revenue bonds outstanding at June 30, 2005 by issue are as follows: (in thousands)

| <u>Bond Description</u>     | <u>Original Issue</u> | <u>Annual Principal</u> | <u>Interest Rates</u> | <u>Final Due Date</u> | <u>Amount</u>   |
|-----------------------------|-----------------------|-------------------------|-----------------------|-----------------------|-----------------|
| MBA Series 1997             | \$ 6,890              | \$360 to \$585          | 4.05% to 5.5%         | 12/1/12               | \$ 3,430        |
| Electric Series 2001        | 20,000                | \$570 to \$1,540        | 4.0% to 5.75%         | 6/1/21                | 17,325          |
| MBA Series 2001             | 9,790                 | \$330 to \$780          | 3.65% to 5.5%         | 12/1/21               | 9,115           |
| Sales Tax Series 2002       | 1,865                 | \$20 to \$285           | 4.88%                 | 4/1/15                | 1,800           |
| Excise Tax Series 2003      | 3,000                 | \$210 to \$585          | 2.0% to 3.0%          | 9/1/09                | 2,465           |
| Water and Sewer Series 2003 | 8,500                 | \$305 to \$2,340        | 2.0% to 5.25%         | 10/1/23               | 8,195           |
| Electric Series 2004        | <u>9,300</u>          | <u>\$305 to \$685</u>   | <u>3.0% to 5.25%</u>  | <u>6/1/25</u>         | <u>9,300</u>    |
|                             | <u>\$59,345</u>       |                         |                       |                       | <u>\$51,630</u> |

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue bond debt service requirements to maturity are as follows: (in thousands)

| <u>Year Ended<br/>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u>   |
|-------------------------------|------------------|-----------------|-----------------|
| 2006                          | \$ 2,670         | \$ 2,356        | \$ 5,026        |
| 2007                          | 2,770            | 2,266           | 5,036           |
| 2008                          | 2,880            | 2,170           | 5,050           |
| 2009                          | 3,170            | 2,063           | 5,233           |
| 2010                          | 2,915            | 1,861           | 4,776           |
| 2011-2015                     | 14,185           | 7,799           | 21,984          |
| 2016-2020                     | 14,530           | 4,486           | 19,016          |
| 2021-2025                     | <u>8,510</u>     | <u>915</u>      | <u>9,425</u>    |
| Totals                        | <u>\$51,630</u>  | <u>\$23,916</u> | <u>\$75,546</u> |

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2005 was as follows: (in thousands)

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending<br/>Balance</u> | <u>Due in<br/>One Year</u> |
|---|------------------------------|------------------|-------------------|---------------------------|----------------------------|
| Governmental activities:                                |                              |                  |                   |                           |                            |
| Bonds payable:  |                              |                  |                   |                           |                            |
| MBA lease revenue                                       | \$13,250                     | \$ ---           | (\$ 705)          | \$12,545                  | \$ 735                     |
| Sales tax   | 1,820                        | ---              | ( 20)             | 1,800                     | 20                         |
| Excise tax  | <u>3,000</u>                 | <u>---</u>       | <u>( 535)</u>     | <u>2,465</u>              | <u>545</u>                 |
| Total bonds payable                                     | 18,070                       | ---              | ( 1,260)          | 16,810                    | 1,300                      |
| Capital lease payable                                   | ---                          | 733              | ( 20)             | 713                       | 170                        |
| Vacation payable  | <u>702</u>                   | <u>76</u>        | <u>---</u>        | <u>778</u>                | <u>---</u>                 |
| Total governmental<br>activity long-term<br>liabilities | <u>\$18,772</u>              | <u>\$ 809</u>    | <u>(\$1,280)</u>  | <u>\$18,301</u>           | <u>\$1,470</u>             |
| Business-type activities:                               |                              |                  |                   |                           |                            |
| Bonds payable:  |                              |                  |                   |                           |                            |
| Revenue bonds   | \$26,555                     | \$9,300          | (\$1,035)         | \$34,820                  | \$1,370                    |
| Long-term debt  | <u>387</u>                   | <u>---</u>       | <u>( 92)</u>      | <u>295</u>                | <u>95</u>                  |
| Total business-type<br>long-term liabilities            | <u>\$26,942</u>              | <u>\$9,300</u>   | <u>(\$1,127)</u>  | <u>\$35,115</u>           | <u>\$1,465</u>             |

The Electric Series 2001 Revenue bonds trust indenture specifies a net revenue to debt service coverage ratio the Power Fund is required to maintain. The Power Fund met the debt service coverage requirement at June 30, 2005.

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

**Other Information**

**Risk Management** The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's Retained Risk Reserve Fund (an internal service fund) accounts for and accumulates resources for uninsured loss. Under this program, the Retained Risk Reserve Fund (the Fund) provides coverage for up to a maximum of \$250,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**Contingent Liabilities** Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City is a participant of the Intermountain Power Agency (IPA), a separate legal entity established under the guidelines of the Utah Interlocal Co-operation Act. The IPA operates a power production plant near Delta, Utah for the benefit of its members. IPA has approximately \$5.1 billion of revenue bonds that are paid from the revenues received from participant charges. Under the terms of its original contract with IPA, the City is entitled and obligated to purchase four percent of the plant's power output. However, under a subsequent excess power sales agreement, the City transferred its power entitlement to certain California purchasers for the duration of the project unless the City recalls any or all of the entitlement. In recent years, the City sold most of its entitlement to the California purchasers. The City is liable for operating expenses and repayment of the outstanding bonds only in the event of a prolonged power outage (in excess of 24 months) and/or failure to perform under the agreement on the part of each of the California participants.

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

**Conduit Debt Obligations** From time to time, the City has issued Industrial Revenue Bonds (IRBs) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2005, there have been ten series of Industrial Revenue Bonds issued. The aggregate principal amount payable could not be determined; however, their original issue amounts totaled \$97.0 million.

**Redevelopment Agency** In connection with the activities of the Redevelopment Agency (RDA), incremental tax revenues totaling \$770,734 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies. There is no outstanding debt of the RDA at June 30, 2005.

During the year ended June 30, 2005, funds expended by the RDA were limited to the categories of debt service, capital outlay and administration costs. Administrative costs totaled \$476,071, capital outlay costs totaled \$6,766, and debt service payments totaled \$108,711 for the year.

**Employee Retirement Systems and Pension Plans** The City contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Retirement System for Employers with Social Security Coverage, and the Fire Fighters Retirement System for Employers without Social Security Coverage, (hereafter referred to cumulatively as the Systems) which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). The Systems provide retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. URS issues a publicly available financial report that includes financial statements and required supplementary information for the Systems.

A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

**Funding Policy** Plan members in the Local Government Contributory Retirement System are required to contribute 6.00 percent of their annual covered salary (all or part may be paid by the employer for the employee), and the City is required to contribute 7.08 percent of its annual covered salary. In the Local Government Noncontributory Retirement System the City is required to contribute 11.09 percent of its annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage, the City is required to contribute 19.08 percent of its annual covered salary for members in the noncontributory division. In the Fire Fighters Retirement System for employers without Social Security coverage plan members are required to contribute 8.61 percent of its annual covered salary (all or part may be paid by the employer for the employee) and the City has no contribution requirement. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City's contributions in dollars to each of the Systems for the years ending June 30, 2005, 2004 and 2003, were equal to the required contributions for each year. The contribution amounts are as follows:

|   | <u>2005</u> | <u>2004</u> | <u>2003</u> |
|---|-------------|-------------|-------------|
| Local Governmental Contributory Retirement System                           | \$ 144,316  | \$ 125,537  | \$113,900   |
| Local Governmental Noncontributory Retirement system                        | 1,320,071   | 1,108,559   | 976,887     |
| Public Safety Retirement System for Employers with Social Security Coverage | 630,593     | 505,303     | 420,896     |
| Fire Fighters Retirement System   | 219,769     | 197,945     | 187,254     |

**Deferred Compensation Plan** Under the URS, the City offers its employees a Deferred Compensation Plan (the Plan) in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The payment of deferred compensation is not available to employees until termination, retirement, death, or emergency. The City discontinued contributions to this plan in 2003. The City's contributions to the 457 Deferred Compensation Plan were \$126,842 for the year ended June 30, 2003.

**Defined Contribution Plans** The 401(k) plan provided by URS is a multiple-employer defined contribution plan. All employees of the City who participate in the URS contributory, noncontributory, or fire fighters system are eligible to participate in the plan. Employees are immediately 100 percent vested in their contributions to the plan. Employee contributions to the 401 (k) plan and the Deferred Compensation Plan are voluntary. Employer contributions are also voluntary and are intended to standardize the contribution rates for all full time employees participating in the URS. The City's contributions to the 401 (k) plan were \$665,456, \$798,636 and \$666,539 for the years ended June 30, 2005, 2004 and 2003, respectively.

**MURRAY CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2005**

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

In addition to the URS plans, the City also participates in a 401 (a) plan provided by International City Management Association, a multiple-employer defined contribution plan. Only elected or appointed employees of the City are eligible to participate in this plan. Employees are fully vested upon contribution to the plan. Currently, there are three employees who participate in the plan. The City contributes to the plan on behalf of the employee. Employees are not eligible to make contributions. The contribution requirement for the year ended June 30, 2005 was \$44,627.

|   | Special Revenue Funds              |                     |                                      |                                  |                                 | Capital<br>Project<br>Funds | Permanent<br>Funds                    | Totals              |
|---|------------------------------------|---------------------|--------------------------------------|----------------------------------|---------------------------------|-----------------------------|---------------------------------------|---------------------|
|   | Municipal<br>Building<br>Authority | Library<br>Fund     | Redevelop-<br>ment<br>Agency<br>Fund | Community<br>Development<br>Fund | Economic<br>Development<br>Fund | Capital<br>Projects<br>Fund | Cemetery<br>Perpetual<br>Care<br>Fund | Total<br>2005       |
| <b>Assets</b>                                 |                                    |                     |                                      |                                  |                                 |                             |                                       |                     |
| Cash and cash equivalents                     | \$ 2,340                           | \$ 80,014           | \$ 663,280                           | \$ 4,931                         | \$ 199,694                      | \$ 196,680                  | \$ 1,058,882                          | \$ 2,205,821        |
| Receivables                                   |                                    |                     |                                      |                                  |                                 |                             |                                       |                     |
| Due from other governments                    | -                                  | -                   | -                                    | 123,388                          | -                               | -                           | -                                     | 123,388             |
| Due from other funds                          | -                                  | 28,000              | 3,500                                | -                                | -                               | -                           | -                                     | 31,500              |
| Property taxes                                | -                                  | 1,270,000           | -                                    | -                                | -                               | -                           | -                                     | 1,270,000           |
| Restricted cash                               | -                                  | 31,627              | -                                    | -                                | -                               | -                           | -                                     | 31,627              |
| Restricted investments                        | 1,378,696                          | -                   | -                                    | -                                | -                               | -                           | -                                     | 1,378,696           |
| Land held for resale                          | -                                  | -                   | 20,000                               | -                                | -                               | -                           | -                                     | 20,000              |
| <b>Total assets</b>                           | <b>\$ 1,381,036</b>                | <b>\$ 1,409,641</b> | <b>\$ 686,780</b>                    | <b>\$ 128,319</b>                | <b>\$ 199,694</b>               | <b>\$ 196,680</b>           | <b>\$ 1,058,882</b>                   | <b>\$ 5,061,032</b> |
| <b>Liabilities and Fund Balances</b>          |                                    |                     |                                      |                                  |                                 |                             |                                       |                     |
| Accounts payable                              | \$ -                               | \$ 9,719            | \$ 1,427                             | \$ 7,760                         | \$ 26,860                       | \$ -                        | \$ -                                  | \$ 45,766           |
| Accrued liabilities                           | -                                  | 30,591              | 3,904                                | -                                | -                               | -                           | -                                     | 34,495              |
| Deferred revenue                              | -                                  | 1,270,000           | -                                    | -                                | -                               | -                           | -                                     | 1,270,000           |
| Due to other funds                            | -                                  | -                   | -                                    | 110,000                          | -                               | -                           | -                                     | 110,000             |
| Compensated absences                          | -                                  | 6,072               | -                                    | -                                | -                               | -                           | -                                     | 6,072               |
| <b>Total liabilities</b>                      | <b>-</b>                           | <b>1,316,382</b>    | <b>5,331</b>                         | <b>117,760</b>                   | <b>26,860</b>                   | <b>-</b>                    | <b>-</b>                              | <b>1,466,333</b>    |
| <b>FUND BALANCES</b>                          |                                    |                     |                                      |                                  |                                 |                             |                                       |                     |
| Reserved for land held for resale             | -                                  | -                   | 20,000                               | -                                | -                               | -                           | -                                     | 20,000              |
| Reserved for debt service                     | 1,378,696                          | -                   | -                                    | -                                | -                               | -                           | -                                     | 1,378,696           |
| Reserved for working capital                  | -                                  | 59,627              | -                                    | -                                | -                               | -                           | -                                     | 59,627              |
| Reserved for perpetual care                   | -                                  | -                   | -                                    | -                                | -                               | -                           | 520,000                               | 520,000             |
| Unreserved                                    |                                    |                     |                                      |                                  |                                 |                             |                                       |                     |
| Designated for subsequent year's expenditures | -                                  | -                   | -                                    | -                                | -                               | 190,000                     | -                                     | 190,000             |
| Undesignated                                  | 2,340                              | 33,632              | 661,449                              | 10,559                           | 172,834                         | 6,680                       | 538,882                               | 1,426,376           |
| <b>Total fund balances</b>                    | <b>1,381,036</b>                   | <b>93,259</b>       | <b>681,449</b>                       | <b>10,559</b>                    | <b>172,834</b>                  | <b>196,680</b>              | <b>1,058,882</b>                      | <b>3,594,699</b>    |
| <b>Total liabilities and fund balances</b>    | <b>\$ 1,381,036</b>                | <b>\$ 1,409,641</b> | <b>\$ 686,780</b>                    | <b>\$ 128,319</b>                | <b>\$ 199,694</b>               | <b>\$ 196,680</b>           | <b>\$ 1,058,882</b>                   | <b>\$ 5,061,032</b> |

**Murray City Corporation**  
**Year ended June 30, 2005**

**Non - Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures,**  
**And Changes in Fund Balances**

|  | Special Revenue Funds              |                  |                                 |                                  |                                 | Capital<br>Project Funds    | Permanent<br>Funds                 | Total               |
|--|------------------------------------|------------------|---------------------------------|----------------------------------|---------------------------------|-----------------------------|------------------------------------|---------------------|
|  | Municipal<br>Building<br>Authority | Library<br>Fund  | Redevelopment<br>Agency<br>Fund | Community<br>Development<br>Fund | Economic<br>Development<br>Fund | Capital<br>Projects<br>Fund | Cemetery<br>Perpetual Care<br>Fund | Total<br>2005       |
| <b>Revenues</b>  |                                    |                  |                                 |                                  |                                 |                             |                                    |                     |
| Taxes  | \$ -                               | \$ 1,594,798     | \$ 770,734                      | \$ -                             | \$ -                            | \$ -                        | \$ -                               | \$ 2,365,532        |
| Intergovernmental  | -                                  | 29,871           | -                               | 165,592                          | -                               | -                           | -                                  | 195,463             |
| Perpetual care fees  | -                                  | -                | -                               | -                                | -                               | -                           | 40,940                             | 40,940              |
| Fines and forfeitures  | -                                  | 26,810           | -                               | -                                | -                               | -                           | -                                  | 26,810              |
| Rental income  | 1,326,320                          | -                | -                               | -                                | -                               | -                           | -                                  | 1,326,320           |
| Interest   | 768                                | 6,714            | 17,697                          | -                                | -                               | 3,693                       | 25,684                             | 54,556              |
| Miscellaneous  | -                                  | 5,359            | 289                             | -                                | -                               | -                           | -                                  | 5,648               |
| <b>Total revenues</b>  | <b>1,327,088</b>                   | <b>1,663,552</b> | <b>788,720</b>                  | <b>165,592</b>                   | <b>-</b>                        | <b>3,693</b>                | <b>66,624</b>                      | <b>4,015,269</b>    |
| <b>Expenditures</b>  |                                    |                  |                                 |                                  |                                 |                             |                                    |                     |
| Municipal Building Authority   | 915                                | -                | -                               | -                                | -                               | -                           | -                                  | 915                 |
| Library  | -                                  | 1,514,125        | -                               | -                                | -                               | -                           | -                                  | 1,514,125           |
| Redevelopment  | -                                  | -                | 476,071                         | -                                | -                               | -                           | -                                  | 476,071             |
| Community development  | -                                  | -                | -                               | 173,518                          | -                               | -                           | -                                  | 173,518             |
| Economic development   | -                                  | -                | -                               | -                                | 27,166                          | -                           | -                                  | 27,166              |
| Capital outlay   | -                                  | -                | 6,766                           | -                                | -                               | -                           | -                                  | 6,766               |
| Debt service   |                                    |                  |                                 |                                  |                                 |                             |                                    |                     |
| Principal  | 705,000                            | -                | 20,000                          | -                                | -                               | 380,000                     | -                                  | 1,105,000           |
| Interest and admin. charges  | 619,179                            | -                | 88,711                          | -                                | -                               | 34,682                      | -                                  | 742,572             |
| <b>Total expenditures</b>  | <b>1,325,094</b>                   | <b>1,514,125</b> | <b>591,548</b>                  | <b>173,518</b>                   | <b>27,166</b>                   | <b>414,682</b>              | <b>-</b>                           | <b>4,046,133</b>    |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>1,994</b>                       | <b>149,427</b>   | <b>197,172</b>                  | <b>(7,926)</b>                   | <b>(27,166)</b>                 | <b>(410,989)</b>            | <b>66,624</b>                      | <b>(30,864)</b>     |
| <b>Other financing sources (uses)</b>                                |                                    |                  |                                 |                                  |                                 |                             |                                    |                     |
| Operating transfers in   | -                                  | -                | -                               | -                                | 200,000                         | -                           | -                                  | 200,000             |
| Operating transfers out  | -                                  | -                | -                               | -                                | -                               | (200,000)                   | (45,000)                           | (245,000)           |
| <b>Total other financing sources (uses)</b>                          | <b>-</b>                           | <b>-</b>         | <b>-</b>                        | <b>-</b>                         | <b>200,000</b>                  | <b>(200,000)</b>            | <b>(45,000)</b>                    | <b>(45,000)</b>     |
| <b>Net change in fund balances</b>                                   | <b>1,994</b>                       | <b>149,427</b>   | <b>197,172</b>                  | <b>(7,926)</b>                   | <b>172,834</b>                  | <b>(610,989)</b>            | <b>21,624</b>                      | <b>(75,864)</b>     |
| <b>Fund balances at beginning of year</b>                            | <b>1,379,042</b>                   | <b>(56,168)</b>  | <b>484,277</b>                  | <b>18,485</b>                    | <b>-</b>                        | <b>807,669</b>              | <b>1,037,258</b>                   | <b>3,670,563</b>    |
| <b>Fund balances at end of year</b>                                  | <b>\$ 1,381,036</b>                | <b>\$ 93,259</b> | <b>\$ 681,449</b>               | <b>\$ 10,559</b>                 | <b>\$ 172,834</b>               | <b>\$ 196,680</b>           | <b>\$ 1,058,882</b>                | <b>\$ 3,594,699</b> |

Murray City Corporation  
Year ended June 30, 2005

Municipal Building Authority  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual

|                                   | Budgeted Amounts    |                     | Actual              | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|---------------------|---------------------|---------------------|---|
|                                   | Original            | Final               |                     |   |
| Revenues                          |                     |                     |                     |   |
| Rental income                     | \$ 1,326,000        | \$ 1,326,000        | \$ 1,326,320        | \$ 320  |
| Interest                          | 14,000              | 14,000              | 768                 | (13,232)  |
| Total revenues                    | <u>1,340,000</u>    | <u>1,340,000</u>    | <u>1,327,088</u>    | <u>(12,912)</u>   |
| Expenditures                      |                     |                     |                     |   |
| Miscellaneous                     | 2,000               | 2,000               | 915                 | 1,085   |
| Debt service                      |                     |                     |                     |   |
| Principal                         | 705,000             | 705,000             | 705,000             | -   |
| Interest and admin. charges       | 633,000             | 633,000             | 619,179             | 13,821  |
| Total expenditures                | <u>1,340,000</u>    | <u>1,340,000</u>    | <u>1,325,094</u>    | <u>14,906</u>   |
| Net change in fund balance        | -                   | -                   | 1,994               | 1,994   |
| Fund balance at beginning of year | <u>1,379,042</u>    | <u>1,379,042</u>    | <u>1,379,042</u>    | <u>-</u>  |
| Fund balance at end of year       | <u>\$ 1,379,042</u> | <u>\$ 1,379,042</u> | <u>\$ 1,381,036</u> | <u>\$ 1,994</u>   |

Murray City Corporation  
Year ended June 30, 2005

Library Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual

|   | Budgeted Amounts   |                    | Actual           | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|--------------------|------------------|---|
|   | Original           | Final              |                  |   |
| <b>Revenues</b>                                   |                    |                    |                  |   |
| Taxes   | \$ 1,462,000       | \$ 1,462,000       | \$ 1,594,798     | \$ 132,798  |
| Intergovernmental                                 | 18,000             | 18,000             | 29,871           | 11,871  |
| Fines and forfeitures                             | 27,000             | 27,000             | 26,810           | (190)   |
| Interest  | 4,000              | 4,000              | 6,714            | 2,714   |
| Miscellaneous                                     | 4,000              | 4,000              | 5,359            | 1,359   |
| Total revenues                                    | <u>1,515,000</u>   | <u>1,515,000</u>   | <u>1,663,552</u> | <u>148,552</u>  |
| <b>Expenditures</b>                               |                    |                    |                  |   |
| Current   |                    |                    |                  |   |
| Salaries and wages                                | 844,400            | 844,400            | 833,251          | 11,149  |
| Building and equipment<br>repairs and maintenance | 250,000            | 250,000            | 261,628          | (11,628)  |
| Books and periodicals                             | 299,000            | 299,000            | 295,266          | 3,734   |
| Miscellaneous                                     | 121,600            | 121,600            | 123,980          | (2,380)   |
| Total expenditures                                | <u>1,515,000</u>   | <u>1,515,000</u>   | <u>1,514,125</u> | <u>875</u>  |
| Net change in fund balance                        | -                  | -                  | 149,427          | 149,427   |
| Fund balance (deficit) at beginning of year       | (56,168)           | (56,168)           | (56,168)         | -   |
| Fund balance at end of year                       | <u>\$ (56,168)</u> | <u>\$ (56,168)</u> | <u>\$ 93,259</u> | <u>\$ 149,427</u>                                       |

Murray City Corporation  
Year ended June 30, 2005

Redevelopment Agency Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual

|                                   | Budgeted Amounts  |                   | Actual            | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|-------------------|-------------------|-------------------|---|
|                                   | Original          | Final             |                   |   |
| Revenues                          |                   |                   |                   |   |
| Taxes                             | \$ 810,000        | \$ 810,000        | \$ 770,734        | \$ (39,266)   |
| Interest                          | 4,000             | 4,000             | 17,697            | 13,697  |
| Miscellaneous                     | 1,000             | 1,000             | 289               | (711)   |
| Total revenues                    | 815,000           | 815,000           | 788,720           | (26,280)  |
| Expenditures                      |                   |                   |                   |   |
| Current                           |                   |                   |                   |   |
| Professional services             | 161,900           | 161,900           | 143,890           | 18,010  |
| Salaries and wages                | 97,800            | 97,800            | 101,243           | (3,443)   |
| Miscellaneous                     | 181,600           | 181,600           | 230,938           | (49,338)  |
| Capital outlay                    | 264,700           | 264,700           | 6,766             | 257,934   |
| Debt service                      |                   |                   |                   |   |
| Principal                         | 20,000            | 20,000            | 20,000            | -   |
| Interest and admin. charges       | 89,000            | 89,000            | 88,711            | 289   |
| Total expenditures                | 815,000           | 815,000           | 591,548           | 223,452   |
| Net change in fund balance        | -                 | -                 | 197,172           | 197,172   |
| Fund balance at beginning of year | 484,277           | 484,277           | 484,277           | -   |
| Fund balance at end of year       | <u>\$ 484,277</u> | <u>\$ 484,277</u> | <u>\$ 681,449</u> | <u>\$ 197,172</u>                                       |

Murray City Corporation  
Year ended June 30, 2005

Community Development Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual

|                                   | Budgeted Amounts |            | Actual     | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|------------------|------------|------------|---|
|                                   | Original         | Final      |            |   |
| Revenues                          |                  |            |            |   |
| Intergovernmental                 | \$ 830,700       | \$ 830,700 | \$ 165,592 | \$ (665,108)  |
| Total revenues                    | 830,700          | 830,700    | 165,592    | (665,108)   |
| Expenditures                      |                  |            |            |   |
| Miscellaneous                     | 830,700          | 830,700    | 173,518    | 657,182   |
| Total expenditures                | 830,700          | 830,700    | 173,518    | 657,182   |
| Net change in fund balance        | -                | -          | (7,926)    | (7,926)   |
| Fund balance at beginning of year | 18,485           | 18,485     | 18,485     | -   |
| Fund balance at end of year       | \$ 18,485        | \$ 18,485  | \$ 10,559  | \$ (7,926)  |

Murray City Corporation  
Year ended June 30, 2005

Economic Development Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual

|   | Budgeted Amounts |           | Actual     | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-----------|------------|---|
|   | Original         | Final     |            |   |
| Revenues  | \$ -             | \$ -      | \$ -       | \$ -  |
| Total revenues  | -                | -         | -          | -   |
| Expenditures  |                  |           |            |   |
| Miscellaneous   | 200,000          | 200,000   | 27,166     | 172,834   |
| Total expenditures  | 200,000          | 200,000   | 27,166     | 172,834   |
| Excess (deficiency) of revenues over (under) expenditures | (200,000)        | (200,000) | (27,166)   | 172,834   |
| Other financing sources (uses)                            |                  |           |            |   |
| Operating transfers in                                    | 200,000          | 200,000   | 200,000    | -   |
| Net change in fund balance                                | -                | -         | 172,834    | 172,834   |
| Fund balance at beginning of year                         | -                | -         | -          | -   |
| Fund balance at end of year                               | \$ -             | \$ -      | \$ 172,834 | \$ 172,834  |

Murray City Corporation  
Year ended June 30, 2005

Capital Projects Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual

|  | Budgeted Amounts  |                   |                   | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|---|
|  | Original          | Final             | Actual            |   |
| <b>Revenues</b>  |                   |                   |                   |   |
| Intergovernmental  | \$ -              | \$ -              | \$ -              | \$ -  |
| Interest   | 1,000             | 1,000             | 3,693             | 2,693   |
| Miscellaneous  | -                 | -                 | -                 | -   |
| <b>Total revenues</b>  | <b>1,000</b>      | <b>1,000</b>      | <b>3,693</b>      | <b>2,693</b>  |
| <b>Expenditures</b>  |                   |                   |                   |   |
| Capital outlay   | -                 | -                 | -                 | -   |
| Debt service   |                   |                   |                   |   |
| Principal  | 350,000           | 350,000           | 380,000           | (30,000)  |
| Interest and admin. charges                                      | 65,000            | 65,000            | 34,682            | 30,318  |
| <b>Total expenditures</b>  | <b>415,000</b>    | <b>415,000</b>    | <b>414,682</b>    | <b>318</b>  |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <b>(414,000)</b>  | <b>(414,000)</b>  | <b>(410,989)</b>  | <b>3,011</b>  |
| <b>Other financing sources (uses)</b>                            |                   |                   |                   |   |
| Operating transfers in   | -                 | -                 | -                 | -   |
| Operating transfers out  | (200,000)         | (200,000)         | (200,000)         | -   |
| <b>Total other financing sources (uses)</b>                      | <b>(200,000)</b>  | <b>(200,000)</b>  | <b>(200,000)</b>  | <b>-</b>  |
| <b>Net change in fund balance</b>                                | <b>(614,000)</b>  | <b>(614,000)</b>  | <b>(610,989)</b>  | <b>3,011</b>  |
| <b>Fund balance at beginning of year</b>                         | <b>807,669</b>    | <b>807,669</b>    | <b>807,669</b>    | <b>-</b>  |
| <b>Fund balance at end of year</b>                               | <b>\$ 193,669</b> | <b>\$ 193,669</b> | <b>\$ 196,680</b> | <b>\$ 3,011</b>   |

Murray City Corporation  
Year ended June 30, 2005

Cemetery Perpetual Care Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual

|   | Budgeted Amounts    |                     | Actual              | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---------------------|---|
|   | Original            | Final               |                     |   |
| Revenues  |                     |                     |                     |   |
| Perpetual care fees                                       | \$ 45,000           | \$ 45,000           | \$ 40,940           | \$ (4,060)  |
| Interest  | 25,000              | 25,000              | 25,684              | 684   |
| Total revenues  | 70,000              | 70,000              | 66,624              | (3,376)   |
| Expenditures  | -                   | -                   | -                   | -   |
| Total expenditures  | -                   | -                   | -                   | -   |
| Excess (deficiency) of revenues over (under) expenditures | 70,000              | 70,000              | 66,624              | (3,376)   |
| Other financing sources (uses)                            |                     |                     |                     |   |
| Operating transfers in                                    | -                   | -                   | -                   | -   |
| Operating transfers out                                   | (50,000)            | (50,000)            | (45,000)            | 5,000   |
| Total other financing sources (uses)                      | (50,000)            | (50,000)            | (45,000)            | 5,000   |
| Net change in fund balance                                | 20,000              | 20,000              | 21,624              | 1,624   |
| Fund balance at beginning of year                         | 1,037,258           | 1,037,258           | 1,037,258           | -   |
| Fund balance at end of year                               | <u>\$ 1,057,258</u> | <u>\$ 1,057,258</u> | <u>\$ 1,058,882</u> | <u>\$ 1,624</u>   |

**Murray City Corporation**  
**June 30, 2005**

**Internal Service Funds**  
**Statement of Net Assets**

|                                    | Central<br>Garage<br>Fund | Retained<br>Risk<br>Reserve<br>Fund | Total<br>2005 |
|------------------------------------|---------------------------|-------------------------------------|---------------|
| <b>Assets</b>                      |                           |                                     |               |
| Current assets                     |                           |                                     |               |
| Cash and cash equivalents          | \$ 13,102                 | \$ 726,031                          | \$ 739,133    |
| Accounts receivable                | 118                       | \$ -                                | 118           |
| Inventories                        | 48,139                    | -                                   | 48,139        |
| Total current assets               | 61,359                    | 726,031                             | 787,390       |
| Property, plant, and equipment     |                           |                                     |               |
| Machinery and equipment            | 126,588                   | -                                   | 126,588       |
| Less accumulated depreciation      | (66,825)                  | -                                   | (66,825)      |
| Net property, plant, and equipment | 59,763                    | -                                   | 59,763        |
| Total assets                       | 121,122                   | 726,031                             | 847,153       |
| <b>Liabilities and Net Assets</b>  |                           |                                     |               |
| Current liabilities                |                           |                                     |               |
| Accounts payable                   | \$ 26,676                 | \$ -                                | \$ 26,676     |
| Accrued liabilities                | 10,003                    | 200,000                             | 210,003       |
| Due to other funds                 | 150,000                   | -                                   | 150,000       |
| Total current liabilities          | 186,679                   | 200,000                             | 386,679       |
| Compensated absences               | 13,238                    | -                                   | 13,238        |
| Total liabilities                  | 199,917                   | 200,000                             | 399,917       |
| Net assets                         |                           |                                     |               |
| Invested in capital assets         | 59,763                    | -                                   | 59,763        |
| Unrestricted                       | (138,558)                 | 526,031                             | 387,473       |
| Total net assets                   | \$ (78,795)               | \$ 526,031                          | \$ 447,236    |

**Murray City Corporation**  
**Year ended June 30, 2005**

**Internal Service Funds**  
**Statement of Revenues, Expenses, and**  
**Changes in Fund Net Assets**

|   | Central<br>Garage<br>Fund | Retained<br>Risk<br>Reserve<br>Fund | Total<br>2005 |
|---|---------------------------|-------------------------------------|---------------|
| Operating revenues - charges for services | \$ 314,940                | \$ 120,000                          | \$ 434,940    |
| Operating expenses                        |                           |                                     |               |
| Depreciation and amortization             | 4,332                     | -                                   | 4,332         |
| Garage                                    | 376,881                   | -                                   | 376,881       |
| Self insurance claims                     | -                         | 25,710                              | 25,710        |
| Legal services                            | -                         | 54,856                              | 54,856        |
| Total expenses                            | 381,213                   | 80,566                              | 461,779       |
| Operating income                          | (66,273)                  | 39,434                              | (26,839)      |
| Nonoperating revenues                     |                           |                                     |               |
| Interest revenue                          | -                         | 15,004                              | 15,004        |
| Change in net assets                      | (66,273)                  | 54,438                              | (11,835)      |
| Net assets - beginning of year            | (12,522)                  | 471,593                             | 459,071       |
| Net assets - end of year                  | \$ (78,795)               | \$ 526,031                          | \$ 447,236    |

**Murray City Corporation**  
**Year ended June 30, 2005**

**Internal Service Funds**  
**Statement of Cash Flows**

|   | Central<br>Garage<br>Fund | Retained<br>Risk<br>Reserve<br>Fund | Total<br>2005 |
|---|---------------------------|-------------------------------------|---------------|
| Cash flows from operating activities  |                           |                                     |               |
| Receipts from customers and users   | \$ 340,958                | \$ 120,000                          | \$ 460,958    |
| Payments to suppliers   | (85,416)                  | (83,569)                            | (168,985)     |
| Payments to employees   | (283,084)                 | -                                   | (283,084)     |
| Net cash provided (used) by<br>operating activities   | (27,542)                  | 36,431                              | 8,889         |
| Cash flows from investing activities  |                           |                                     |               |
| Interest and dividends received   | -                         | 15,004                              | 15,004        |
| Net cash provided (used) by investing activities  | -                         | 15,004                              | 15,004        |
| Net increase (decrease) in cash and cash equivalents  | (27,542)                  | 51,435                              | 23,893        |
| Cash and cash equivalents at beginning of year  | 40,644                    | 674,596                             | 715,240       |
| Cash and cash equivalents at end of year  | \$ 13,102                 | \$ 726,031                          | \$ 739,133    |
| Reconciliation of operating income to net cash<br>provided (used) by operating activities:          |                           |                                     |               |
| Operating income  | \$ (66,273)               | \$ 39,434                           | \$ (26,839)   |
| Adjustments to reconcile operating income to net<br>cash provided by (used in) operating activities |                           |                                     |               |
| Depreciation and amortization   | 4,332                     | -                                   | 4,332         |
| Changes in assets and liabilities   |                           |                                     |               |
| Inventories   | 26,136                    | -                                   | 26,136        |
| Accounts receivable   | (118)                     | -                                   | (118)         |
| Accounts payable  | 1,561                     | (3,003)                             | (1,442)       |
| Accrued liabilities   | 1,737                     | -                                   | 1,737         |
| Compensated absences  | 5,083                     | -                                   | 5,083         |
| Net cash provided (used) by<br>operating activities   | \$ (27,542)               | \$ 36,431                           | \$ 8,889      |

|   | Enterprise Funds                        |                                      |                                 |                                 |
|---|---|--------------------------------------|---------------------------------|---------------------------------|
|   | Murray<br>Parkway<br>Recreation<br>Fund | Solid<br>Waste<br>Management<br>Fund | Tele-<br>communications<br>Fund | Total<br>Non-<br>Major<br>Funds |
| <b>ASSETS</b>                           |   |                                      |                                 |                                 |
| Current assets                          |   |                                      |                                 |                                 |
| Cash and cash equivalents               | \$ 78,016                               | \$ 408,855                           | \$ 683                          | \$ 487,554                      |
| Receivables                             |   |                                      |                                 |                                 |
| Accounts                                | -                                       | 42,541                               | -                               | 42,541                          |
| Inventories                             | 59,173                                  | -                                    | -                               | 59,173                          |
| Total current assets                    | 137,189                                 | 451,396                              | 683                             | 589,268                         |
| Property, plant and equipment           |   |                                      |                                 |                                 |
| Land                                    | 326,336                                 | -                                    | -                               | 326,336                         |
| Buildings                               | 797,534                                 | -                                    | -                               | 797,534                         |
| Improvements other than buildings       | 3,785,295                               | -                                    | -                               | 3,785,295                       |
| Machinery and equipment                 | 690,222                                 | -                                    | -                               | 690,222                         |
| Accumulated depreciation                | (3,767,733)                             | -                                    | -                               | (3,767,733)                     |
| Net property, plant, and equipment      | 1,831,654                               | -                                    | -                               | 1,831,654                       |
| Total assets                            | 1,968,843                               | 451,396                              | 683                             | 2,420,922                       |
| <b>LIABILITIES</b>                      |   |                                      |                                 |                                 |
| Current liabilities                     |   |                                      |                                 |                                 |
| Accounts payable                        | 10,548                                  | -                                    | -                               | 10,548                          |
| Accrued liabilities                     | 42,706                                  | -                                    | -                               | 42,706                          |
| Due to other funds                      | 600,000                                 | -                                    | 311,000                         | 911,000                         |
| Long-term debt - current portion        | 33,326                                  | 61,687                               | -                               | 95,013                          |
| Total current liabilities               | 686,580                                 | 61,687                               | 311,000                         | 1,059,267                       |
| Noncurrent liabilities                  |   |                                      |                                 |                                 |
| Compensated absences                    | 27,981                                  | -                                    | -                               | 27,981                          |
| Long-term debt                          | -                                       | 199,681                              | -                               | 199,681                         |
| Total noncurrent liabilities            | 27,981                                  | 199,681                              | -                               | 227,662                         |
| Total liabilities                       | 714,561                                 | 261,368                              | 311,000                         | 1,286,929                       |
| <b>NET ASSETS</b>                       |   |                                      |                                 |                                 |
| Invested in capital assets, net of debt | 1,831,654                               | -                                    | -                               | 1,831,654                       |
| Unrestricted                            | (577,372)                               | 190,028                              | (310,317)                       | (697,661)                       |
| Total net assets                        | \$ 1,254,282                            | \$ 190,028                           | \$ (310,317)                    | \$ 1,133,993                    |

|   | Enterprise Funds                        |                                      |                                 |                                 |
|---|---|--------------------------------------|---------------------------------|---------------------------------|
|   | Murray<br>Parkway<br>Recreation<br>Fund | Solid<br>Waste<br>Management<br>Fund | Tele-<br>communications<br>Fund | Total<br>Non-<br>Major<br>Funds |
| Operating revenues                      |   |                                      |                                 |                                 |
| Sales and charges for services          | \$ 556,166                              | \$ 813,042                           | \$ 11,400                       | \$ 1,380,608                    |
| Green fees                              | 779,247                                 | -                                    | -                               | \$ 779,247                      |
| Other                                   | 9,508                                   | -                                    | 260,602                         | 270,110                         |
| Total operating revenues                | 1,344,921                               | 813,042                              | 272,002                         | 2,429,965                       |
| Operating expenses                      |   |                                      |                                 |                                 |
| Administration and general              | 476,141                                 | -                                    | -                               | 476,141                         |
| Depreciation and amortization           | 273,166                                 | -                                    | -                               | 273,166                         |
| Operations and maintenance              | 223,880                                 | 682,874                              | -                               | 906,754                         |
| Jordan River Parkway                    | 455,926                                 | -                                    | -                               | 455,926                         |
| In lieu of tax transfer                 | 22,008                                  | -                                    | -                               | 22,008                          |
| Total operating expenses                | 1,451,121                               | 682,874                              | -                               | 2,133,995                       |
| Operating income (loss)                 | (106,200)                               | 130,168                              | 272,002                         | 295,970                         |
| Nonoperating revenues (expenses)        |   |                                      |                                 |                                 |
| Interest revenue                        | 839                                     | 1,581                                | -                               | 2,420                           |
| Interest expense                        | (18,200)                                | -                                    | -                               | (18,200)                        |
| Net nonoperating<br>revenues (expenses) | (17,361)                                | 1,581                                | -                               | (15,780)                        |
| Change in net assets                    | (123,561)                               | 131,749                              | 272,002                         | 280,190                         |
| Net assets at beginning of year         | 1,377,843                               | 58,279                               | (582,319)                       | 853,803                         |
| Net assets at end of year               | \$ 1,254,282                            | \$ 190,028                           | \$ (310,317)                    | \$ 1,133,993                    |

**Murray City Corporation**  
**Year ended June 30, 2005**

**Non-Major Proprietary Funds**  
**Combining Statement of Cash Flows**

|  | Enterprise Funds                        |                                      |                                 |                                 |
|--|---|--------------------------------------|---------------------------------|---------------------------------|
|  | Murray<br>Parkway<br>Recreation<br>Fund | Solid<br>Waste<br>Management<br>Fund | Tele-<br>communications<br>Fund | Total<br>Non-<br>Major<br>Funds |
| Cash flows from operating activities   |   |                                      |                                 |                                 |
| Receipts from customers and users  | \$ 1,360,124                            | \$ 815,620                           | \$ 272,002                      | \$ 2,447,746                    |
| Payments to suppliers  | (455,115)                               | (682,989)                            | (18,210)                        | (1,156,314)                     |
| Payments to employees  | (709,107)                               | -                                    | -                               | (709,107)                       |
| Payments for quasi-external transfers  | (22,008)                                | -                                    | -                               | (22,008)                        |
| Net cash provided by operating activities  | 173,894                                 | 132,631                              | 253,792                         | 560,317                         |
| Cash flows from noncapital financing activities  |   |                                      |                                 |                                 |
| Advances to other funds  | (50,000)                                | -                                    | (269,000)                       | (319,000)                       |
| Net cash used in noncapital financing activities   | (50,000)                                | -                                    | (269,000)                       | (319,000)                       |
| Cash flows from capital and related financing activities   |   |                                      |                                 |                                 |
| Interest paid  | (18,200)                                | -                                    | -                               | (18,200)                        |
| Acquisition of capital assets  | (37,949)                                | -                                    | -                               | (37,949)                        |
| Principal payments on debt   | (32,270)                                | (59,632)                             | -                               | (91,902)                        |
| Net cash used in capital and related financing activities  | (88,419)                                | (59,632)                             | -                               | (148,051)                       |
| Cash flows from investing activities   |   |                                      |                                 |                                 |
| Interest and dividends received  | 839                                     | 1,581                                | -                               | 2,420                           |
| Net cash provided by investing activities  | 839                                     | 1,581                                | -                               | 2,420                           |
| Net increase (decrease) in cash and cash equivalents   | 36,314                                  | 74,580                               | (15,208)                        | 95,686                          |
| Cash and cash equivalents at beginning of year   | 41,702                                  | 334,275                              | 15,891                          | 391,868                         |
| Cash and cash equivalents at end of year   | \$ 78,016                               | \$ 408,855                           | \$ 683                          | \$ 487,554                      |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities |   |                                      |                                 |                                 |
| Operating income (loss)  | \$ (106,200)                            | \$ 130,168                           | \$ 272,002                      | \$ 295,970                      |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities    |   |                                      |                                 |                                 |
| Depreciation and amortization  | 273,166                                 | -                                    | -                               | 273,166                         |
| Changes in assets and liabilities  |   |                                      |                                 |                                 |
| Accounts receivable  | 873                                     | 2,578                                | -                               | 3,451                           |
| Inventories  | 14,330                                  | -                                    | -                               | 14,330                          |
| Accounts payable   | (9,004)                                 | (115)                                | (11,777)                        | (20,896)                        |
| Accrued liabilities  | (11)                                    | -                                    | (2,455)                         | (2,466)                         |
| Compensated absences   | 740                                     | -                                    | (3,978)                         | (3,238)                         |
| Net cash provided by operating activities  | \$ 173,894                              | \$ 132,631                           | \$ 253,792                      | \$ 560,317                      |

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Capital Assets Used in the Operations of Governmental Funds  
Schedule by Source

|   | 2005                 |
|---|----------------------|
| Governmental funds capital assets:                          |                      |
| Land  | \$ 9,944,263         |
| Buildings   | 24,050,713           |
| Improvements other than buildings                           | 15,121,305           |
| Machinery and equipment                                     | 9,742,902            |
| Furniture and fixtures                                      | 2,092,056            |
| Infrastructure  | 2,342,720            |
| Investments in joint-ventures                               | 1,466,578            |
| Construction in progress                                    | 3,748,799            |
| Total governmental funds capital assets                     | <u>\$ 68,509,336</u> |
| Investments in governmental funds capital assets by source: |                      |
| General fund  | \$ 41,405,480        |
| Special revenue fund  | 18,416,870           |
| Donations   | 8,686,986            |
| Total governmental funds capital assets                     | <u>\$ 68,509,336</u> |

Capital Assets Used in the Operations of Governmental Funds  
Schedule by Function and Activity

| Function and Activity                          | Land                | Buildings            | Improvements<br>Other Than<br>Buildings | Machinery &<br>Equipment | Furniture &<br>Fixtures | Infrastructure      | Investments<br>in Joint<br>Ventures | Construction<br>in<br>Progress | Total                |
|--|---------------------|----------------------|---|--------------------------|-------------------------|---------------------|-------------------------------------|--------------------------------|----------------------|
| <b>General government</b>                      |                     |                      |   |                          |                         |                     |                                     |                                |                      |
| Legislative                                    | \$ -                | \$ -                 | \$ -                                    | \$ -                     | \$ 9,066                | \$ -                | \$ -                                | \$ -                           | \$ 9,066             |
| Court  | -                   | 555,224              | 48,284                                  | -                        | 110,189                 | -                   | -                                   | -                              | 713,697              |
| Mayor  | -                   | -                    | -                                       | -                        | 8,969                   | -                   | -                                   | -                              | 8,969                |
| Recorder                                       | -                   | -                    | -                                       | 17,336                   | 9,353                   | -                   | -                                   | -                              | 26,689               |
| Attorney                                       | -                   | -                    | -                                       | -                        | 16,302                  | -                   | -                                   | -                              | 16,302               |
| Planning and zoning                            | -                   | -                    | -                                       | 36,497                   | 18,625                  | -                   | -                                   | -                              | 55,122               |
| Nondepartmental                                | 188,060             | 60,000               | -                                       | 67,260                   | 18,619                  | -                   | -                                   | -                              | 333,939              |
| Government buildings                           | 3,378,679           | 2,801,673            | 815,546                                 | 75,078                   | -                       | -                   | -                                   | -                              | 7,070,976            |
| Personnel                                      | -                   | -                    | -                                       | 14,374                   | -                       | -                   | -                                   | -                              | 14,374               |
| Data processing                                | -                   | -                    | 3,161                                   | 14,602                   | 1,294,101               | -                   | -                                   | -                              | 1,311,864            |
| <b>Total general government</b>                | <b>3,566,739</b>    | <b>3,416,897</b>     | <b>866,991</b>                          | <b>225,147</b>           | <b>1,485,224</b>        | <b>-</b>            | <b>-</b>                            | <b>-</b>                       | <b>9,560,998</b>     |
| <b>Public safety:</b>                          |                     |                      |   |                          |                         |                     |                                     |                                |                      |
| Police department                              | -                   | 1,539,490            | 182,665                                 | 3,415,317                | 266,062                 | -                   | -                                   | -                              | 5,403,534            |
| Fire department                                | 30,000              | 1,573,804            | 153,379                                 | 2,422,912                | 28,209                  | -                   | -                                   | 305,402                        | 4,513,706            |
| Building inspection                            | -                   | -                    | -                                       | 79,704                   | 9,935                   | -                   | -                                   | -                              | 89,639               |
| <b>Total public safety</b>                     | <b>30,000</b>       | <b>3,113,294</b>     | <b>336,044</b>                          | <b>5,917,933</b>         | <b>304,206</b>          | <b>-</b>            | <b>-</b>                            | <b>305,402</b>                 | <b>10,006,879</b>    |
| <b>Highways and public improvements:</b>       |                     |                      |   |                          |                         |                     |                                     |                                |                      |
| Engineering                                    | -                   | -                    | -                                       | 70,517                   | -                       | -                   | -                                   | -                              | 70,517               |
| Streets and highways                           | 574,874             | 638,016              | 4,658,432                               | 1,696,064                | 11,381                  | -                   | -                                   | 112,831                        | 7,691,598            |
| Class C roads                                  | 17,995              | -                    | -                                       | 226,369                  | -                       | 394,984             | -                                   | 3,330,566                      | 3,969,914            |
| Road construction                              | 382,169             | -                    | -                                       | 519,206                  | -                       | -                   | -                                   | -                              | 901,375              |
| Waste collection                               | -                   | -                    | -                                       | 89,392                   | -                       | -                   | -                                   | -                              | 89,392               |
| Infrastructure                                 | -                   | -                    | -                                       | -                        | -                       | 1,947,736           | -                                   | -                              | 1,947,736            |
| <b>Total highways and public improvements</b>  | <b>975,038</b>      | <b>638,016</b>       | <b>4,658,432</b>                        | <b>2,601,548</b>         | <b>11,381</b>           | <b>2,342,720</b>    | <b>-</b>                            | <b>3,443,397</b>               | <b>14,670,532</b>    |
| <b>Other</b>                                   |                     |                      |   |                          |                         |                     |                                     |                                |                      |
| Recreation                                     | 2,206,043           | 2,452,962            | 8,982,568                               | 806,510                  | 34,589                  | -                   | -                                   | -                              | 14,482,672           |
| Cemetery                                       | 315,793             | 240,696              | 165,625                                 | 171,550                  | 3,765                   | -                   | -                                   | -                              | 897,429              |
| Library  | -                   | -                    | 111,645                                 | 20,214                   | 252,891                 | -                   | -                                   | -                              | 384,750              |
| Investment in joint venture - Trans-Jordan     | -                   | -                    | -                                       | -                        | -                       | -                   | 1,466,578                           | -                              | 1,466,578            |
| Municipal Building Authority                   | 2,850,650           | 14,188,848           | -                                       | -                        | -                       | -                   | -                                   | -                              | 17,039,498           |
| <b>Total other</b>                             | <b>5,372,486</b>    | <b>16,882,506</b>    | <b>9,259,838</b>                        | <b>998,274</b>           | <b>291,245</b>          | <b>-</b>            | <b>1,466,578</b>                    | <b>-</b>                       | <b>34,270,927</b>    |
| <b>Total governmental funds capital assets</b> | <b>\$ 9,944,263</b> | <b>\$ 24,050,713</b> | <b>\$ 15,121,305</b>                    | <b>\$ 9,742,902</b>      | <b>\$ 2,092,056</b>     | <b>\$ 2,342,720</b> | <b>\$ 1,466,578</b>                 | <b>\$ 3,748,799</b>            | <b>\$ 68,509,336</b> |

**Murray City Corporation**  
**Year ended June 30, 2005**

**Capital Assets Used in the Operations of Governmental Funds**  
**Schedule of Changes by Function and Activity**

| Function and Activity                          | Governmental<br>Funds Capital<br>Assets<br>June 30, 2004 | Additions           | Deductions        | Governmental<br>Funds Capital<br>Assets<br>June 30, 2005 |
|--|--|---------------------|-------------------|--|
| <b>General government</b>                      |  |                     |                   |  |
| Legislative                                    | \$ 9,066   | \$ -                | \$ -              | \$ 9,066   |
| Court  | 713,697  | -                   | -                 | 713,697  |
| Mayor  | 8,969  | -                   | -                 | 8,969  |
| Recorder                                       | 26,689   | -                   | -                 | 26,689   |
| Legal  | 16,302   | -                   | -                 | 16,302   |
| Planning and zoning                            | 55,122   | -                   | -                 | 55,122   |
| Nondepartmental                                | 266,679  | 67,260              | -                 | 333,939  |
| Government buildings                           | 7,070,976  | -                   | -                 | 7,070,976  |
| Personnel                                      | 14,374   | -                   | -                 | 14,374   |
| Data processing                                | 869,787  | 442,077             | -                 | 1,311,864  |
| <b>Total general government</b>                | <b>9,051,661</b>   | <b>509,337</b>      | <b>-</b>          | <b>9,560,998</b>   |
| <b>Public safety</b>                           |  |                     |                   |  |
| Police department                              | 5,194,117  | 311,582             | 102,165           | 5,403,534  |
| Fire department                                | 4,106,442  | 407,264             | -                 | 4,513,706  |
| Building inspection                            | 94,939   | -                   | 5,300             | 89,639   |
| <b>Total public safety</b>                     | <b>9,395,498</b>   | <b>718,846</b>      | <b>107,465</b>    | <b>10,006,879</b>  |
| <b>Highways and public improvements</b>        |  |                     |                   |  |
| Engineering                                    | 70,517   | -                   | -                 | 70,517   |
| Streets and highways                           | 9,070,635  | 86,765              | 174,541           | 8,982,859  |
| Class C road                                   | 3,216,228  | 1,447,742           | -                 | 4,663,970  |
| Road construction                              | 863,794  | -                   | -                 | 863,794  |
| Waste collection                               | 89,392   | -                   | -                 | 89,392   |
| <b>Total highways and public improvements</b>  | <b>13,310,566</b>  | <b>1,534,507</b>    | <b>174,541</b>    | <b>14,670,532</b>  |
| <b>Other</b>                                   |  |                     |                   |  |
| Recreation                                     | 14,396,730   | 178,825             | 92,883            | 14,482,672   |
| Cemetery                                       | 878,729  | 18,700              | -                 | 897,429  |
| Library  | 321,620  | 63,130              | -                 | 384,750  |
| Investment in joint venture -Trans-Jordan      | 1,456,550  | 10,028              | -                 | 1,466,578  |
| Municipal Building Authority                   | 17,039,498   | -                   | -                 | 17,039,498   |
| <b>Total other</b>                             | <b>34,093,127</b>  | <b>270,683</b>      | <b>92,883</b>     | <b>34,270,927</b>  |
| <b>Total governmental funds capital assets</b> | <b>\$ 65,850,852</b>                                     | <b>\$ 3,033,373</b> | <b>\$ 374,889</b> | <b>\$ 68,509,336</b>                                     |

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**STATISTICAL SECTION**

TABLE 1

**MURRAY CITY CORPORATION**  
**Last Ten Fiscal Years**

**General Governmental Expenditures and Other  
 Uses By Function (General Fund Only)**

| <u>Fiscal Year<br/>Ended<br/>June 30</u> | <u>General<br/>Government</u> | <u>Public<br/>Safety</u> | <u>Highway<br/>and Public<br/>Improvements</u> | <u>Parks,<br/>Recreation,<br/>and Public<br/>Property</u> | <u>Debt<br/>Service</u> | <u>Transfers<br/>Out</u> | <u>Total</u> |
|--|-------------------------------|--------------------------|--|---|-------------------------|--------------------------|--------------|
| 1996                                     | \$2,303,532                   | \$7,792,161              | \$4,104,428                                    | \$3,081,781   | \$ ---                  | \$ 772,502               | \$18,054,404 |
| 1997                                     | 2,360,470                     | 9,586,670                | 4,654,270                                      | 2,915,090   | ---                     | 256,300                  | 19,772,800   |
| 1998                                     | 2,440,097                     | 9,030,460                | 5,051,554                                      | 3,929,706   | ---                     | 1,910,700                | 22,362,517   |
| 1999                                     | 3,906,712                     | 9,661,796                | 5,501,695                                      | 2,434,400   | ---                     | 50,000                   | 21,554,603   |
| 2000                                     | 3,261,543                     | 10,297,253               | 5,510,167                                      | 3,456,876   | ---                     | 50,000                   | 22,575,839   |
| 2001                                     | 3,327,898                     | 11,669,275               | 5,053,046                                      | 3,749,831   | ---                     | 25,000                   | 23,825,050   |
| 2002                                     | 3,679,319                     | 12,579,859               | 4,699,453                                      | 3,514,299   | ---                     | 1,060,000                | 25,532,930   |
| 2003                                     | 4,128,390                     | 12,180,489               | 4,884,314                                      | 5,417,229   | ---                     | 560,000                  | 27,170,422   |
| 2004                                     | 4,478,171                     | 12,960,316               | 7,489,857                                      | 4,894,871   | ---                     | 25,000                   | 29,848,215   |
| 2005                                     | 5,074,547                     | 13,913,342               | 4,809,252                                      | 5,525,074   | 184,322                 | ---                      | 29,506,537   |

TABLE 2

**MURRAY CITY CORPORATION**  
**Last Ten Fiscal Years**

**General Revenues and Other Financing  
Sources (General Fund Only)**

| <u>Fiscal<br/>Year</u> | <u>(3)<br/>Taxes</u> | <u>Licenses<br/>and<br/>Permits</u> | <u>Intergovern-<br/>mental</u> | <u>Charges<br/>For<br/>Services</u> | <u>Fines<br/>and<br/>Forfeitures</u> | <u>(1)<br/>Other<br/>Revenue</u> | <u>(2)<br/>Other<br/>Financing<br/>Sources</u> | <u>Total<br/>Revenue<br/>and Other<br/>Financing<br/>Sources</u> |
|------------------------|----------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------------|----------------------------------|--|--|
| 1995                   | \$14,327,539         | \$ 618,667                          | \$ 698,865                     | \$ 835,742                          | \$ 168,714                           | \$ 892,098                       | \$ 30,000                                      | \$17,571,625   |
| 1996                   | 14,593,388           | 811,972                             | 741,097                        | 876,568                             | 179,870                              | 717,216                          | 50,000   | 17,970,111   |
| 1997                   | 15,338,351           | 672,908                             | 822,369                        | 986,806                             | 205,645                              | 998,631                          | 40,000   | 19,065,210   |
| 1998                   | 16,173,176           | 659,588                             | 1,708,538                      | 890,031                             | 218,953                              | 2,907,624                        | 45,000   | 22,602,910   |
| 1999                   | 16,980,940           | 856,689                             | 1,273,128                      | 749,417                             | 322,194                              | 1,110,242                        | 45,000   | 21,337,610   |
| 2000                   | 17,971,703           | 1,035,231                           | 1,317,120                      | 966,557                             | 657,695                              | 892,379                          | 45,000   | 22,885,685   |
| 2001                   | 18,705,379           | 902,173                             | 1,431,136                      | 962,147                             | 1,045,543                            | 968,312                          | 55,000   | 24,069,690   |
| 2002                   | 20,138,549           | 802,105                             | 1,538,612                      | 1,154,397                           | 1,450,634                            | 785,177                          | 1,915,000                                      | 27,784,474   |
| 2003                   | 18,740,017           | 1,052,090                           | 1,369,344                      | 1,319,368                           | 1,814,314                            | 546,456                          | 184,127  | 25,025,716   |
| 2004                   | 20,915,883           | 1,024,736                           | 1,793,125                      | 1,541,695                           | 2,121,704                            | 596,417                          | 3,137,909                                      | 31,131,469   |
| 2005                   | 22,479,549           | 2,235,131                           | 1,539,849                      | 1,735,337                           | 2,357,026                            | 606,748                          | 919,340  | 31,872,980   |

(1) Includes interest revenue, sale of assets, equity income in joint venture, and miscellaneous.

(2) Includes operating transfers, capital leases, bond proceeds and sale of fixed assets.

TABLE 3

**MURRAY CITY CORPORATION**  
**Last Ten Fiscal Years**

**Tax Revenues by Source**  
**(General Fund Only)**

| <u>Fiscal<br/>Year</u> | <u>General<br/>Property<br/>Taxes</u> | <u>General<br/>Sales<br/>and Use<br/>Taxes</u> | <u>Franchise<br/>Taxes</u> | <u>In Lieu<br/>of Tax<br/>Transfers</u> | <u>Total<br/>Tax<br/>Revenues</u> |
|------------------------|---------------------------------------|--|----------------------------|---|-----------------------------------|
| 1996                   | \$2,168,025                           | \$ 9,959,187                                   | \$ 338,131                 | \$2,128,045                             | \$14,593,388                      |
| 1997                   | 2,467,855                             | 10,254,241                                     | 364,509                    | 2,252,246                               | 15,338,851                        |
| 1998                   | 2,550,178                             | 10,586,332                                     | 787,314                    | 2,249,352                               | 16,173,176                        |
| 1999                   | 2,613,059                             | 11,630,547                                     | 290,702                    | 2,446,632                               | 16,980,940                        |
| 2000                   | 2,726,064                             | 12,357,936                                     | 339,857                    | 2,547,846                               | 17,971,703                        |
| 2001                   | 3,153,512                             | 12,487,091                                     | 330,555                    | 2,734,221                               | 18,705,379                        |
| 2002                   | 3,653,993                             | 13,379,557                                     | 747,943                    | 2,357,056                               | 20,138,549                        |
| 2003                   | 3,625,669                             | 11,795,500                                     | 2,025,047                  | 1,293,801                               | 18,740,017                        |
| 2004                   | 4,448,461                             | 12,952,157                                     | 2,140,507                  | 1,374,758                               | 20,915,883                        |
| 2005                   | 4,553,747                             | 13,676,733                                     | 2,933,072                  | 1,315,997                               | 22,479,549                        |

TABLE 4

**MURRAY CITY CORPORATION**  
**Last Ten Fiscal Years**

**Property Tax Levies and Collection**

**General Fund**

| <u>Fiscal<br/>Year</u> | <u>Total<br/>Tax Levy</u> | <u>Current<br/>Tax<br/>Collection</u> | <u>Percent of<br/>Levy<br/>Collection</u> | <u>Delinquent<br/>Tax<br/>Collection</u> | <u>Total<br/>Tax<br/>Collection</u> | <u>Collection<br/>As a Percent<br/>Of Current<br/>Levy</u> |
|------------------------|---------------------------|---------------------------------------|---|--|-------------------------------------|--|
| 1996                   | \$1,902,205               | \$1,756,463                           | 92.34%                                    | \$54,746                                 | \$1,811,209                         | 95.22%   |
| 1997                   | 2,045,556                 | 1,997,432                             | 97.65%                                    | 82,294                                   | 2,079,726                           | 101.67%  |
| 1998                   | 2,166,776                 | 2,095,334                             | 96.70%                                    | 59,716                                   | 2,155,050                           | 99.46%   |
| 1999                   | 2,247,357                 | 2,099,550                             | 93.42%                                    | 65,898                                   | 2,165,448                           | 96.36%   |
| 2000                   | 2,347,319                 | 2,267,083                             | 96.58%                                    | 79,773                                   | 2,346,856                           | 99.98%   |
| 2001                   | 2,803,216                 | 2,720,974                             | 97.10%                                    | 68,077                                   | 2,789,051                           | 99.49%   |
| 2002                   | 3,339,529                 | 3,236,133                             | 96.90%                                    | 56,414                                   | 3,292,547                           | 98.59%   |
| 2003                   | 3,370,383                 | 3,266,544                             | 96.92%                                    | 82,203                                   | 3,348,747                           | 99.36%   |
| 2004                   | 4,050,520                 | 3,895,765                             | 96.18%                                    | 75,424                                   | 3,971,189                           | 98.04%   |
| 2005                   | 4,213,642                 | 4,131,312                             | 98.05%                                    | 122,950                                  | 4,254,262                           | 100.96%  |

**Special Revenue Fund (Library)**

|      |            |            |        |          |            |         |
|------|------------|------------|--------|----------|------------|---------|
| 1996 | \$ 668,497 | \$ 617,279 | 92.34% | \$19,240 | \$ 636,519 | 95.22%  |
| 1997 | 718,709    | 701,733    | 97.65% | 28,893   | 730,666    | 101.67% |
| 1998 | 761,743    | 736,590    | 96.70% | 20,960   | 757,550    | 99.45%  |
| 1999 | 791,085    | 739,028    | 93.42% | 23,144   | 762,172    | 96.35%  |
| 2000 | 825,516    | 797,306    | 96.58% | 28,066   | 825,372    | 99.98%  |
| 2001 | 824,113    | 807,112    | 97.33% | 23,943   | 828,055    | 100.48% |
| 2002 | 839,752    | 817,122    | 97.31% | 17,351   | 834,473    | 99.37%  |
| 2003 | 848,251    | 824,517    | 97.20% | 22,830   | 847,347    | 99.89%  |
| 2004 | 1,018,677  | 980,583    | 96.26% | 19,687   | 1,000,270  | 98.19%  |
| 2005 | 1,440,248  | 1,401,851  | 97.33% | 32,102   | 1,433,953  | 99.56%  |

TABLE 5

**MURRAY CITY CORPORATION**  
**Last Ten Fiscal Years**

**Assessed and Estimated Actual  
Value of Taxable Property**

| <u>Fiscal<br/>Year</u> | <u>Assessed<br/>Valuation</u> | <u>Estimated<br/>Actual<br/>Value</u> | <u>Ratio of Assessed<br/>To Estimated<br/>Actual Value</u> |
|------------------------|-------------------------------|---------------------------------------|--|
| 1996                   | \$1,573,017,986               | \$1,790,000,000                       | 87.9%  |
| 1997                   | 1,737,801,405                 | 2,140,000,000                         | 81.2%  |
| 1998                   | 1,808,983,965                 | 2,230,000,000                         | 81.3%  |
| 1999                   | 1,879,439,211                 | 2,320,000,000                         | 81.0%  |
| 2000                   | 1,995,381,842                 | 2,460,000,000                         | 81.1%  |
| 2001                   | 2,140,558,277                 | 2,820,000,000                         | 75.9%  |
| 2002                   | 2,240,713,841                 | 2,870,000,000                         | 78.1%  |
| 2003                   | 2,646,945,401                 | 3,578,189,000                         | 74.0%  |
| 2004                   | 2,759,982,137                 | 3,720,000,000                         | 74.2%  |
| 2005                   | 2,862,401,216                 | 3,863,000,000                         | 74.1%  |

TABLE 6

**MURRAY CITY CORPORATION  
Last Ten Fiscal Years**

**Property Tax Rates - All Direct and Overlapping  
Governments (Per \$1,000 of Assessed Value)**

| <u>Fiscal<br/>Year</u> | <u>Murray<br/>City<br/>Corporation</u> | <u>Murray<br/>City<br/>School<br/>District</u> | <u>Murray<br/>City<br/>Library</u> | <u>Salt Lake<br/>County</u> | <u>Mosquito<br/>Abatement<br/>District</u> | <u>Central Utah<br/>Water<br/>Conservation</u> | <u>Total</u> |
|------------------------|--|--|------------------------------------|-----------------------------|--|--|--------------|
| 1996                   | 1.26%                                  | 5.49%  | .44%                               | 4.10%                       | .01%                                       | .34%   | 11.64%       |
| 1997                   | 1.29%                                  | 5.20%  | .42%                               | 4.16%                       | .01%                                       | .40%   | 11.38%       |
| 1998                   | 1.20%                                  | 5.12%  | .42%                               | 3.41%                       | .01%                                       | .40%   | 10.56%       |
| 1999                   | 1.23%                                  | 5.20%  | .43%                               | 3.87%                       | .01%                                       | .40%   | 11.14%       |
| 2000                   | 1.36%                                  | 5.14%  | .40%                               | 2.91%                       | .01%                                       | .39%   | 10.21%       |
| 2001                   | 1.54%                                  | 5.88%  | .39%                               | 2.03%                       | .01%                                       | .40%   | 11.25%       |
| 2002                   | 1.49%                                  | 6.47%  | .38%                               | 2.94%                       | .02%                                       | .40%   | 11.70%       |
| 2003                   | 1.51%                                  | 6.51%  | .38%                               | 2.87%                       | .03%                                       | .36%   | 11.66%       |
| 2004                   | 1.50%                                  | 6.64%  | .51%                               | 2.82%                       | .03%                                       | .35%   | 11.85%       |
| 2005                   | 1.45%                                  | 6.53%  | .49%                               | 2.68%                       | .03%                                       | .40%   | 11.58%       |

TABLE 7

**MURRAY CITY CORPORATION**  
**June 30, 2005**

**Computation of Legal Debt Margin - All Funds**

|  |              |                        |
|--|--------------|------------------------|
| Assessed Value                                 |              | <u>\$2,862,401,216</u> |
| Debt limit of 8% of assessed value             |              | 228,992,097            |
| Amount of debt applicable to debt limit        |              |                        |
| Total bonded debt (includes all revenue bonds) | \$39,085,000 |                        |
| Less: assets restricted for bond retirement    | <u>---</u>   |                        |
| Total amount of debt applicable to debt limit  |              | <u>39,085,000</u>      |
| Legal debt margin                              |              | <u>\$ 189,907,097</u>  |

TABLE 8

**MURRAY CITY CORPORATION**  
**June 30, 2005**

**Computation of Direct and Overlapping Bonded  
Debt- General Obligation Bonds**

| <u>Name of Governmental Units</u> | Net General<br>Obligation<br>Debt<br><u>Outstanding</u> | <u>Attributable to City</u> |                     |
|-----------------------------------|---|-----------------------------|---------------------|
|                                   |   | <u>Percent</u>              | <u>Amount</u>       |
| Direct - Murray City Corporation  | \$ ---  | 100.00%                     | \$ ---              |
| Overlapping                       |   |                             |                     |
| Murray City School District       | 27,906,000  | 100.00%                     | 27,906,000          |
| Salt Lake County                  | <u>207,177,000</u>                                      | 4.96%                       | <u>10,275,949</u>   |
| Total                             | <u>\$235,083,000</u>                                    |                             | <u>\$38,181,979</u> |

TABLE 9

**MURRAY CITY CORPORATION**  
**Last Ten Fiscal Years (3)**

**Revenue Bond Coverage**

Electric Revenue Series 2004 and 2001

| <u>Fiscal<br/>Year</u> | <u>(1)<br/>Revenues</u> | <u>(2)<br/>Expenses</u> | <u>Net Revenue<br/>Available<br/>For Debt<br/>Service</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Coverage</u> |
|------------------------|-------------------------|-------------------------|---|------------------|-----------------|--------------|-----------------|
| 2002                   | \$29,865,308            | \$32,086,704            | (\$2,221,396)   | \$570,000        | \$1,073,620     | \$1,643,620  | (1.35)          |
| 2003                   | 32,505,637              | 5,863,361               | 6,642,276   | 675,000          | 958,300         | 1,633,300    | 4.07            |
| 2004                   | 29,174,680              | 25,364,029              | 3,810,651   | 700,000          | 931,300         | 1,631,300    | 2.34            |
| 2005                   | 29,276,312              | 25,246,377              | 4,029,935   | 730,000          | 1,138,221       | 1,868,221    | 2.16            |

Water and Sewer Series 2003

|      |             |             |             |         |           |           |       |
|------|-------------|-------------|-------------|---------|-----------|-----------|-------|
| 2004 | \$7,904,276 | \$4,865,702 | \$3,038,574 | \$ ---  | \$161,331 | \$161,331 | 18.83 |
| 2005 | 9,075,720   | 4,799,802   | 4,275,918   | 305,000 | 346,825   | 651,825   | 6.56  |

Excise Tax Road Series 2003

|      |             |        |             |         |          |          |       |
|------|-------------|--------|-------------|---------|----------|----------|-------|
| 2004 | \$1,545,963 | \$ --- | \$1,545,953 | \$ ---  | \$34,688 | \$34,688 | 44.57 |
| 2005 | 1,200,096   | ---    | 1,200,096   | 535,000 | 64,025   | 599,025  | 2.00  |

- (1) Revenues include operating and nonoperating revenues
- (2) Total expenses exclusive of depreciation, amortization, loss in joint venture, interest expense and in lieu of tax transfers.
- (3) Fiscal year 2002 is the first year the bond coverage calculation is required for the Electric Revenue Bonds. Fiscal year 2004 is the first year for the Water and Sewer Revenue Bonds and the Excise Tax Road Bonds.

TABLE 10

## MURRAY CITY CORPORATION

## Demographic Statistics

Census Population Count

|      |         |
|------|---------|
| 1910 | 4,057   |
| 1920 | 4,584   |
| 1930 | 5,127   |
| 1940 | 5,740   |
| 1950 | 9,006   |
| 1960 | 16,806  |
| 1970 | 21,106  |
| 1980 | 25,750  |
| 1990 | 31,282  |
| 2000 | 34,024  |
| 2005 | 45,000* |

## Racial Composition as of 2000 Census

| <u>Race</u>                                   | <u>Population</u> | <u>Percentage</u> |
|---|-------------------|-------------------|
| White   | 29,805            | 87.60%            |
| Hispanic or Latino                            | 1,348             | 3.96%             |
| Asian   | 624               | 1.83%             |
| Black or African American                     | 336               | .99%              |
| Native Hawaiian and other<br>Pacific Islander | 213               | .63%              |
| American Indian and Alaska Native             | 112               | .33%              |
| Other or two or more races                    | <u>1,586</u>      | <u>4.66%</u>      |
| Total   | <u>34,024</u>     | <u>100.00%</u>    |

Source: U.S. Census Bureau

\*Estimated

TABLE 11

**MURRAY CITY CORPORATION**  
**Last Ten Fiscal Years**

**Property Value and Construction (1)**

| <u>Fiscal<br/>Year</u> | (2)<br><u>Property<br/>Value</u> | <u>Commercial Construction</u> |              | (3) <u>Residential Construction</u> |              |
|------------------------|----------------------------------|--------------------------------|--------------|-------------------------------------|--------------|
|                        |                                  | <u>Permits<br/>Issued</u>      | <u>Value</u> | <u>Permits<br/>Issued</u>           | <u>Value</u> |
| 1996                   | \$1,043,622,000                  | 148                            | \$14,621,283 | 320                                 | \$30,337,514 |
| 1997                   | 1,088,621,000                    | 145                            | 18,047,997   | 207                                 | 23,085,002   |
| 1998                   | 1,129,754,000                    | 168                            | 40,912,689   | 132                                 | 11,136,522   |
| 1999                   | 1,171,803,000                    | 151                            | 27,892,079   | 151                                 | 18,502,309   |
| 2000                   | 1,218,197,000                    | 45                             | 15,917,373   | 160                                 | 25,295,744   |
| 2001                   | 1,259,410,000                    | 133                            | 35,268,955   | 193                                 | 19,000,565   |
| 2002                   | 1,313,680,000                    | 141                            | 32,324,823   | 141                                 | 17,141,488   |
| 2003                   | 1,363,150,000                    | 151                            | 34,527,315   | 198                                 | 26,784,405   |
| 2004                   | 1,424,462,000                    | 174                            | 20,470,130   | 199                                 | 25,838,271   |
| 2005                   | 1,470,770,000                    | 136                            | 147,207,556  | 164                                 | 22,468,713   |

- (1) Utah is a branch banking state and depot figures are available only on a state-wide basis; therefore, bank deposits are not included in this table.
- (2) Estimated historical cost based on data from the Salt Lake County Assessor's office.
- (3) Based on building permits issued by the City's Engineering Department. Values are estimated construction costs.

TABLE 12

**MURRAY CITY CORPORATION**  
**Year Ended June 30, 2005**

**Principal Taxpayers (1)**

| <u>Taxpayer</u>              | <u>Business Type</u>  | <u>Local<br/>Sales Tax<br/>Collected</u> | <u>(2)<br/>Percent<br/>of Total</u> |
|------------------------------|-----------------------|--|-------------------------------------|
| Warehouse Discount Store     | General Merchandise   | \$1,114,770                              | 7.34%                               |
| Furniture Store              | Furniture Store       | 665,603                                  | 4.38%                               |
| Warehouse Discount Store     | General Merchandise   | 468,129                                  | 3.08%                               |
| Auto Dealer - Toyota         | Motor Vehicle Dealer  | 462,553                                  | 3.04%                               |
| Auto Dealer - Chevrolet      | Motor Vehicle Dealer  | 450,717                                  | 2.97%                               |
| Clothing Store               | Apparel and Accessory | 433,321                                  | 2.85%                               |
| Auto Dealer - BMW            | Motor Vehicle Dealer  | 396,736                                  | 2.61%                               |
| Auto Dealer - Honda          | Motor Vehicle Dealer  | 375,466                                  | 2.47%                               |
| Auto Dealer - Lexus          | Motor Vehicle Dealer  | 308,618                                  | 2.03%                               |
| Auto Dealer - Ford           | Motor Vehicle Dealer  | 300,355                                  | 1.98%                               |
| Department Store             | General Merchandise   | 284,272                                  | 1.87%                               |
| Department Store             | General Merchandise   | 277,455                                  | 1.83%                               |
| Electronics Store            | Home Electronics      | 260,051                                  | 1.71%                               |
| Building Materials Store     | Building and Garden   | 259,405                                  | 1.71%                               |
| Auto Dealer - Nissan         | Motor Vehicle Dealer  | 255,385                                  | 1.68%                               |
| Telecommunications Companies | Telecommunications    | 244,628                                  | 1.61%                               |
| Food and Drugs               | Food and Drugs        | 223,084                                  | 1.47%                               |
| Municipality                 | Public Administration | 211,152                                  | 1.39%                               |
| Auto Dealer - Acura          | Motor Vehicle Dealer  | 208,538                                  | 1.37%                               |
| Auto Dealer - Mazda          | Motor Vehicle Dealer  | 182,624                                  | 1.20%                               |
| Heavy Equipment Dealer       | Heavy Equipment       | 178,532                                  | 1.18%                               |
| Total                        |                       | <u>\$7,561,394</u>                       | <u>49.77%</u>                       |

(1) Includes taxpayers whose collections exceed one percent of gross sales tax collections.

(2) Based on direct point of sales tax collection of \$15,191,381.

Source: Utah State Tax Commission

TABLE 13

**MURRAY CITY CORPORATION**  
**Year Ended June 30, 2005**  
**Miscellaneous Statistical Data**

|                                  |                                   |             |     |
|----------------------------------|-----------------------------------|-------------|-----|
| Date of incorporation            | November 25, 1902                 |             |     |
| Form of government               | Strong Mayor/Council              |             |     |
| Area in square miles             | 11.8                              |             |     |
| Fire projection                  | Number of stations                | 3           |     |
|                                  | Number of full-time fire fighters | 50          |     |
| Police protection                | Number of sworn officers          | 75          |     |
|                                  | Number of other employees         | 18          |     |
|                                  | Number of vehicular patrol units  | 38          |     |
| Recreation and culture           | Number of parks                   | 8           |     |
|                                  | Number of mini-parks              | 2           |     |
|                                  | Number of acres of parks          | 259         |     |
|                                  | Number of swimming pools          | 2           |     |
|                                  | Number of tennis courts           | 6           |     |
|                                  | Number of golf courses            | 2           |     |
| Water enterprise                 | Number of recreation centers      | 1           |     |
|                                  | Number of customers               | 9,304       |     |
|                                  | Consumption in gallons            | 3,233,974   |     |
| Sewer enterprise                 | Miles of water line               | 178         |     |
|                                  | Number of customers               | 8,817       |     |
| Power enterprise                 | Miles of sanitary sewer lines     | 125         |     |
|                                  | Peak demand                       | 93,310      | KW  |
|                                  | Internal generation               | 25,729,293  | KWH |
|                                  | Purchased power                   | 369,312,499 | KWH |
| City employees at June 30, 2005: |                                   |             |     |
|                                  | Elected                           | 6           |     |
|                                  | Merit-governmental                | 253         |     |
|                                  | Merit-enterprises                 | 107         |     |
|                                  | Library                           | 9           |     |
|                                  | Exempt                            | 17          |     |
|                                  | Seasonal                          | 425         |     |

Source: Various departments of Murray City Corporation

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**COMPLIANCE SECTION**

# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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Bountiful, Utah 84010

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Rick Liffert, CPA

Members of the  
American Institute  
of Certified Public  
Accountants

Members of the  
Private Company  
Practice Section

## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of the City Council  
Murray City Corporation, Utah

We have audited the basic financial statements of Murray City Corporation, Utah (the City), as of and for the year ended June 30, 2005, and have issued our report thereon dated November 10, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance** As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting** In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City in a separate letter dated November 10, 2005.

This report is intended solely for the information and use of management, the City Council and others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hansen, Bradshaw, Malmrose & Erickson, P.C.*

November 10, 2005

# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South  
Bountiful, Utah 84010  
801-296-0200  
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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON STATE OF UTAH STATE LEGAL COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council  
Murray City Corporation, Utah

We have audited the basic financial statements of Murray City Corporation, Utah (the City) for the year ended June 30, 2005, and have issued our report thereon dated November 10, 2005. As part of our audit, we have audited the City's compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. The City received the following major State assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation)  
Liquor Law Enforcement (State Tax Commission)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

|                                |                                 |
|--------------------------------|---------------------------------|
| Cash Management                | B & C Road Funds                |
| Budgetary Compliance           | Other Compliance Requirements   |
| Truth in Taxation and Property | Impact Fees                     |
| Tax Limitation                 | Uniform Building Code Standards |
| Liquor Law Enforcement         | Purchasing Requirements         |
| Public Debt                    |                                 |

The management of the City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

E. Lynn Hansen, CPA  
Clarke R. Bradshaw, CPA  
Gary E. Malmrose, CPA  
Edwin L. Erickson, CPA

Michael L. Smith, CPA  
Jason L. Tanner, CPA  
Rick Lifferth, CPA

Members of the  
American Institute  
of Certified Public  
Accountants

Members of the  
Private Company  
Practice Section

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Murray City Corporation, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.

*Hansen, Bradshaw, Malmrose & Erickson, P.C.*

November 10, 2005

**MURRAY CITY CORPORATION**  
**Schedule of Findings**  
**Year Ended June 30, 2005**

Requirement/Program

Current Year Findings

1. Fund Balance

Finding: Unreserved fund balance in the General Fund can be up to 18% of the budgeted revenues of the fund. At June 30, 2005, unreserved fund balance is 19.5% of 2005-2006 budgeted revenues.

Recommendation: The City should amend the current year budget as necessary and appropriate the excess fund balance.

Management's response: The City will appropriate the excess fund balance in the next fiscal year.

2. Justice Court

Finding: A traffic mitigation surcharge is collected on certain moving violations. We noted four instances where this surcharge was incorrectly collected on non-moving violations.

Recommendation: The Justice Court should analyze its computer software and make the necessary programming changes to limit this surcharge to moving violations.

Management's response: The City will make the necessary computer programming changes.

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**CONTINUING DISCLOSURE SECTION**

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-For all Revenue and Excise Tax Bonds of Murray City, Utah**  
**Fiscal Year Ending June 30, 2005**  
**Disclosure References**

Municipal Building Authority of Murray City, Utah  
Debt Issuance of the Municipal Building Authority  
See Note 4 in Notes to Financial Statements in this Report.

Debt Structure of Murray City  
Outstanding Municipal Debt of the City  
See Note 4 in Notes to Financial Statements in this Report.

Financial Information Regarding Murray City  
Certain Property Tax Matters-Historical City Tax Rates  
See Table 6 in the Statistical Section of this Report.

Certain Property Tax Matters-Taxable and Estimated Market Value of Property  
See Table 5 in the Statistical Section of this Report.

Certain Property Tax Matters-Tax Collection Record  
See Table 4 in the Statistical Section of this Report.

Five Year Financial Summary- See Table 2 of Municipal Building Authority  
Continuing Disclosure.

Management's Discussion of Operations-See Management's Discussion and  
Analysis in the Financial Section of this report.

**MURRAY CITY CORPORATION**  
**Continuing Disclosure - Municipal Building Authority of Murray City, Utah**  
**Lease Revenue Bonds Series 1997 and Series 2001A**  
**Fiscal Year Ending June 30, 2005**

**Table 1**

**Sources of General Fund Revenue**

Set forth below are brief descriptions of the various sources of revenue available to the City's general fund. The percentage of total general fund revenues represent by each source is based on the City's audited financial statements for the year ending June 30, 2005.

*Taxes*--Approximately 71% of the general fund revenues are from taxes (approximately 55% from sales and use taxes; approximately 20% from general property taxes; approximately 19% from franchise taxes; and approximately 6% from in lieu of tax transfers from the City's enterprise fund.

*Fines and Forfeitures*--Approximately 7% of general fund revenues are collected from fines and forfeitures.

*Charges for Services*--Approximately 6% of general fund revenues are from charges for services.

*Intergovernmental Revenues*--Approximately 5% of general fund revenues are from state and federal grants and shared revenues.

*Licenses and Permits*--Approximately 7% of general fund revenues are from licenses and permits.

*Interest*--Approximately 1% of general fund revenues are from interest income.

*Miscellaneous Revenue*--Approximately 3% of general fund revenues are from miscellaneous revenues and capital lease financing.

**MURRAY CITY CORPORATION**  
**Continuing Disclosure - Municipal Building Authority of Murray City, Utah**  
**Lease Revenue Bonds Series 1997 and Series 2001A**  
**Fiscal Year Ending June 30, 2005**

**Table 2**  
**Murray City General Fund Balance Sheet**  
(This summary has not been audited)

|  | <u>Fiscal Year Ending June 30</u> |                     |                     |                     |                     |
|--|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
|  | <u>2001</u>                       | <u>2002</u>         | <u>2003</u>         | <u>2004</u>         | <u>2005</u>         |
| <b>ASSETS</b>                                |                                   |                     |                     |                     |                     |
| Cash and cash equivalents                    | \$3,736,947                       | \$2,405,080         | \$806,665           | \$3,213,053         | \$6,676,845         |
| Investments                                  | 36                                | 0                   | 0                   | 0                   | 0                   |
| Accounts receivable                          | 13,475                            | 673                 | 0                   | 0                   | 0                   |
| Special assessments                          | 10,050                            | 4,095               | 1,876               | 1,140               | 20,859              |
| Other  | 42,810                            | 123,643             | 206,493             | 131,322             | 1,509,373           |
| Property taxes receivable                    | 0                                 | 2,920,000           | 3,462,000           | 3,830,000           | 3,740,000           |
| Due from other funds                         | 1,777,734                         | 3,559,414           | 3,825,529           | 3,300,000           | 1,177,480           |
| Due from other governments                   | 906,640                           | 2,155,315           | 2,279,248           | 2,521,501           | 2,367,113           |
| Notes receivable                             | 2,815,370                         | 2,734,936           | 2,646,957           | 2,459,077           | 2,345,465           |
| Restricted cash & cash equivalents           | 40,321                            | 1,638,888           | 119,311             | 273,038             | 0                   |
| <b>TOTAL ASSETS</b>                          | <b>\$9,343,383</b>                | <b>\$15,542,044</b> | <b>\$13,348,079</b> | <b>\$15,729,131</b> | <b>\$17,837,135</b> |
| <b>LIABILITIES AND FUND EQUITY</b>           |                                   |                     |                     |                     |                     |
| Accounts payable                             | \$1,571,414                       | \$1,264,883         | \$939,455           | \$996,070           | \$825,809           |
| Accrued liabilities                          | 517,159                           | 729,714             | 619,739             | 1,294,262           | 1,281,043           |
| Due to other funds                           | 0                                 | 100,792             | 500                 | 0                   | 100,150             |
| Deposits                                     | 40,321                            | 47,746              | 18,809              | 18,809              | 12,699              |
| Deferred revenue                             | 2,867,363                         | 6,770,463           | 7,263,195           | 7,617,107           | 7,489,375           |
| Compensated absences                         | 125,240                           | 155,016             | 177,657             | 190,905             | 149,638             |
| <b>Total liabilities</b>                     | <b>5,121,497</b>                  | <b>9,068,614</b>    | <b>9,019,355</b>    | <b>10,117,153</b>   | <b>9,858,714</b>    |
| <b>Fund Balance</b>                          |                                   |                     |                     |                     |                     |
| Reserved:                                    |                                   |                     |                     |                     |                     |
| For narcotics equipment                      | 78,643                            | 70,423              | 0                   | 0                   | 0                   |
| For class "C" roads                          | 0                                 | 529,790             | 183,779             | 350,000             | 515,000             |
| For UTOPIA                                   | 0                                 | 0                   | 0                   | 1,230,000           | 1,230,000           |
| Unreserved                                   |                                   |                     |                     |                     |                     |
| Designated for subsequent years expenditures | 495,000                           | 1,969,000           | 0                   | 0                   | 0                   |
| Designated for community project             | 19,460                            | 24,217              | 0                   | 0                   | 0                   |
| Undesignated                                 | 3,628,783                         | 3,880,000           | 4,144,945           | 4,031,978           | 6,233,421           |
| <b>Total Fund Equity</b>                     | <b>4,221,886</b>                  | <b>6,473,430</b>    | <b>4,328,724</b>    | <b>5,611,978</b>    | <b>7,978,421</b>    |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b>     | <b>\$9,343,383</b>                | <b>\$15,542,044</b> | <b>\$13,348,079</b> | <b>\$15,729,131</b> | <b>\$17,837,135</b> |

**MURRAY CITY CORPORATION**  
**Continuing Disclosure - Municipal Building Authority of Murray City, Utah**  
**Lease Revenue Bonds Series 1997 and Series 2001A**  
**Fiscal Year Ending June 30, 2005**

**Table 2A**  
**Murray City General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**(This summary has not been audited)**

|  | <u>Fiscal Year Ending June 30</u> |                     |                     |                     |                     |
|--|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
|  | <u>2001</u>                       | <u>2002</u>         | <u>2003</u>         | <u>2004</u>         | <u>2005</u>         |
| <b>REVENUES</b>  |                                   |                     |                     |                     |                     |
| Taxes and special assessments  | \$18,705,379                      | \$20,138,549        | \$18,740,017        | \$20,915,883        | \$22,479,549        |
| Licenses and permits   | 902,173                           | 802,105             | 1,052,090           | 1,024,736           | 2,235,131           |
| Intergovernmental  | 1,431,136                         | 1,538,612           | 1,369,344           | 1,793,125           | 1,539,849           |
| Charges for services   | 962,147                           | 1,154,397           | 1,319,368           | 1,541,695           | 1,735,337           |
| Fines and forfeitures  | 1,045,543                         | 1,450,634           | 1,814,314           | 2,121,704           | 2,357,026           |
| Interest   | 594,291                           | 401,134             | 381,807             | 359,138             | 409,369             |
| Sale of fixed assets   | 112,770                           | 172,797             | 0                   | 0                   | 0                   |
| Miscellaneous  | 261,251                           | 211,246             | 164,649             | 237,279             | 197,379             |
| <b>TOTAL REVENUE</b>   | <b>\$24,014,690</b>               | <b>\$25,869,474</b> | <b>\$24,841,589</b> | <b>\$27,993,560</b> | <b>\$30,953,640</b> |
| <b>EXPENDITURES</b>  |                                   |                     |                     |                     |                     |
| Current:   |                                   |                     |                     |                     |                     |
| General government   | 3,327,898                         | 3,679,319           | 4,128,390           | 4,478,171           | 5,074,547           |
| Public safety  | 11,669,275                        | 12,579,859          | 12,180,489          | 12,960,316          | 13,913,342          |
| Highways and public improvements   | 5,053,046                         | 4,699,453           | 4,884,314           | 7,489,857           | 4,809,252           |
| Parks, recreation and public property  | 3,749,831                         | 3,514,299           | 5,417,229           | 4,894,871           | 5,525,074           |
| Debt service   |                                   |                     |                     |                     |                     |
| Principal  | 0                                 | 0                   | 0                   | 0                   | 155,000             |
| Interest and administrative charges  | 0                                 | 0                   | 0                   | 0                   | 29,322              |
| <b>TOTAL EXPENDITURES</b>  | <b>23,800,050</b>                 | <b>24,472,930</b>   | <b>26,610,422</b>   | <b>29,823,215</b>   | <b>29,506,537</b>   |
| Excess (deficiency) of revenues over expenditures  | 214,640                           | 1,396,544           | (1,768,833)         | (1,829,655)         | 1,447,103           |
| Other financing sources (uses)   |                                   |                     |                     |                     |                     |
| Operating transfers in   | 55,000                            | 50,000              | 50,000              | 50,000              | 45,000              |
| Operating transfers out  | (25,000)                          | (1,060,000)         | (560,000)           | (25,000)            | 0                   |
| Sale of fixed assets   | 0                                 | 0                   | 134,127             | 87,909              | 141,332             |
| Bond proceeds or capital lease financing   | 0                                 | 1,865,000           | 0                   | 3,000,000           | 733,008             |
| <b>Net other financing sources (uses)</b>  | <b>30,000</b>                     | <b>855,000</b>      | <b>(375,873)</b>    | <b>3,112,909</b>    | <b>919,340</b>      |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses | 244,640                           | 2,251,544           | (2,144,706)         | 1,283,254           | 2,366,443           |
| Fund balance at beginning of year  | 3,977,246                         | 4,221,886           | 6,473,430           | 4,328,724           | 5,611,978           |
| Fund balance at end of year  | \$4,221,886                       | \$6,473,430         | \$4,328,724         | \$5,611,978         | \$7,978,421         |

**MURRAY CITY CORPORATION**  
**Continuing Disclosure - Electric Revenue Bonds - Series 2001 & 2004**

**Fiscal Year Ending June 30, 2005**

**Table 1**

**Power Rates**

Rates fixed and charged for the energy distributed by Murray City Power are recommended by the Power Advisory Board and established by ordinance by the Mayor and City Council. Rates for electric service to customers of Murray City Power are not subject to approval of any Utah or federal regulatory body.

The Department last implemented a rate adjustment that will increase revenue by 1.8% on January 1, 2005. The unit costs and average monthly billings for most residential and commercial customers under current rates are as follows:

Residential

|                  |   |           |
|------------------|---|-----------|
| Customer Charge: | Per meter, per billing period                   | \$ 2.79   |
| Energy Charge:   | Peak Season (April thru September, inclusive)   |           |
|                  | First 600 KWH, per KWH:                         | \$ 0.0715 |
|                  | All additional KWH, per KWH:                    | \$ 0.0802 |
|                  | Off Peak Season (October thru March, inclusive) |           |
|                  | All KWH, per KWH                                | \$ 0.0715 |

Residential (All Electric)

|                  |   |           |
|------------------|---|-----------|
| Customer Charge: | Per meter, per billing period                   | \$ 2.79   |
| Energy Charge:   | Peak Season (April thru September, inclusive)   |           |
|                  | First 600 KWH, per KWH:                         | \$ 0.0667 |
|                  | All additional KWH, per KWH:                    | \$ 0.0747 |
|                  | Off Peak Season (October thru March, inclusive) |           |
|                  | First 400 KWH, per KWH:                         | \$ 0.0625 |
|                  | All additional KWH, per KWH                     | \$ 0.0464 |

Commercial (General Service Small)

|                  |   |           |
|------------------|---|-----------|
| Customer Charge: | Per meter, per billing period                   | \$ 6.98   |
| Energy Charge:   | First 1500 KWH, per KWH                         | \$ 0.0770 |
|                  | All additional KWH, per KWH                     | \$ 0.0389 |
| Demand Charge:   | Peak Season (April thru September, inclusive)   |           |
|                  | All KW above 5 KW, per KW:                      | \$10.40   |
|                  | Off Peak Season (October thru March, inclusive) |           |
|                  | All KW above 5 KW, per KW:                      | \$ 9.15   |

Commercial (General Service Large)

|                  |  |          |
|------------------|--|----------|
| Customer Charge: | Per meter, per billing period                                      | \$17.46  |
| Energy Charge:   | All KWH, per KWH   | \$ .0363 |
| Demand Charge:   | Peak Season (April thru September, inclusive)<br>All KW, per KW:   | \$10.95  |
|                  | Off Peak Season (October thru March, inclusive)<br>All KW, per KW: | \$ 9.63  |

**AVERAGE MONTHLY BILL AND CONSUMPTION**

|                                    | <u>Summer Bill</u> | <u>Summer KWH</u> | <u>Winter Bill</u> | <u>Winter KWH</u> |
|------------------------------------|--------------------|-------------------|--------------------|-------------------|
| Residential                        | \$ 55.17           | 695               | \$ 47.41           | 624               |
| Residential (All Electric)         | 53.36              | 710               | 60.72              | 1,082             |
| Commercial (General Service Small) | 137.75             | 1,613             | 126.33             | 1,499             |
| Commercial (General Service Large) | 2,718.86           | 41,565            | 2,444.44           | 38,346            |

Bills for electric service are prepared and mailed by the City administration on a monthly basis. Second and third notices of non-payment are given 50 and 58 days, respectively, after the date of the initial bill. Electric service is terminated between 60 and 76 days after the date of the initial bill.

**MURRAY CITY CORPORATION**  
**Continuing Disclosure - Electric Revenue Bonds - Series 2001 & 2004**  
**Fiscal Year Ending June 30, 2005**

**Table 2**

**Ten Largest Power Customers**

| <u>Name</u>               | <u>Type of Business</u> | <u>KWH</u>       | <u>% of the City's<br/>Total KWH</u> |
|---------------------------|-------------------------|------------------|--------------------------------------|
| Intermountain Health Care | Health Care             | 14,088,167       | 3.78%                                |
| Fashion Place Mall        | Retail Mall             | 11,544,335       | 3.10                                 |
| Murray City               | Government              | 11,031,129       | 2.96                                 |
| Murray School District    | Public Education        | 7,281,057        | 1.95                                 |
| Multi Technology Inc.     | Medical Manufacturing   | 4,994,000        | 1.34                                 |
| Costco                    | Retail Sales            | 4,089,900        | 1.10                                 |
| Utah Transit Authority    | Transportation          | 3,541,652        | 0.95                                 |
| Qwest                     | Telecommunications      | 3,420,446        | 0.92                                 |
| Sears                     | Retail Sales            | 3,291,600        | 0.88                                 |
| Larry H. Miller           | Automobile Dealerships  | <u>3,278,200</u> | <u>0.88</u>                          |
|                           | Totals.....             | 66,560,486       | 17.86%                               |

**MURRAY CITY CORPORATION**  
**Continuing Disclosure - Electric Revenue Bonds - Series 2001 & 2004**  
**Fiscal Year Ending June 30, 2005**

**Table 3**  
**Power Department Annual Operating Statistics**

|   | <u>Fiscal Year Ending June 30</u> |                     |                     |                     |                     |
|---|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
|   | <u>2001</u>                       | <u>2002</u>         | <u>2003</u>         | <u>2004</u>         | <u>2005</u>         |
| <b>Electric Revenues by Classes</b>     |                                   |                     |                     |                     |                     |
| Residential                             | \$7,040,987                       | \$7,335,343         | \$8,274,668         | \$8,458,376         | \$8,195,616         |
| Commercial and Industrial               | 14,563,574                        | 14,999,626          | 16,892,539          | 17,646,722          | 17,260,075          |
| Other                                   | 425,240                           | 445,042             | 664,695             | 732,671             | 715,472             |
| <b>Total Electric Revenues</b>          | <b>\$22,029,801</b>               | <b>\$22,780,011</b> | <b>\$25,831,902</b> | <b>\$26,837,769</b> | <b>\$26,171,163</b> |
| <b>Number of Metered Customers</b>      |                                   |                     |                     |                     |                     |
| Residential                             | 13,054                            | 13,057              | 13,059              | 13,120              | 13,128              |
| Commercial and Industrial               | 2,732                             | 2,757               | 2,794               | 2,825               | 2,833               |
| Other                                   | 118                               | 124                 | 146                 | 142                 | 151                 |
| <b>Total Metered Customers</b>          | <b>15,904</b>                     | <b>15,938</b>       | <b>15,999</b>       | <b>16,087</b>       | <b>16,112</b>       |
| <b>Peak Demand (kW)</b>                 | <b>89,040</b>                     | <b>89,980</b>       | <b>93,150</b>       | <b>98,300</b>       | <b>93,310</b>       |
| <b>Energy Generated &amp; Purchased</b> |                                   |                     |                     |                     |                     |
| Total System Generation (MWh)           | 14,616                            | 98,876              | 50,014              | 42,411              | 25,729              |
| Purchased Power (MWh)                   | 368,396                           | 305,859             | 331,056             | 397,362             | 369,313             |
| <b>Total Energy Available (MWh)</b>     | <b>383,012</b>                    | <b>404,735</b>      | <b>381,070</b>      | <b>439,773</b>      | <b>395,042</b>      |
| <b>Losses and System Use (MWh)</b>      | <b>22,961</b>                     | <b>39,731</b>       | <b>12,026</b>       | <b>55,277</b>       | <b>22,127</b>       |
| <b>Energy Sales (MWh)</b>               | <b>360,051</b>                    | <b>365,004</b>      | <b>369,044</b>      | <b>384,496</b>      | <b>372,915</b>      |
| <b>Electric Energy Sales</b>            |                                   |                     |                     |                     |                     |
| Residential (MWh)                       | 109,127                           | 110,967             | 111,874             | 114,442             | 109,378             |
| Commercial and Industrial (MWh)         | 241,621                           | 244,972             | 246,935             | 241,960             | 252,429             |
| Other (MWh)                             | 9,303                             | 9,065               | 10,235              | 28,094              | 11,108              |
| <b>Total Energy Sales (MWh)</b>         | <b>360,051</b>                    | <b>365,004</b>      | <b>369,044</b>      | <b>384,496</b>      | <b>372,915</b>      |

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Electric Revenue Bonds-Series 2001& 2004**  
**Fiscal Year Ending June 30, 2005**

**Table 4**  
**Power Fund Historical Operating Results(1)**

|  | <u>2001</u>  | <u>2002</u>  | <u>Fiscal Year Ending June 30</u> |              | <u>2005</u>  |
|--|--------------|--------------|-----------------------------------|--------------|--------------|
|  |              |              | <u>2003</u>                       | <u>2004</u>  |              |
| Operating revenues:  |              |              |                                   |              |              |
| Energy sales revenue   | \$22,029,802 | \$28,817,737 | \$31,622,662                      | \$28,047,182 | \$26,571,079 |
| Miscellaneous  | 436,572      | 600,785      | 708,868                           | 993,772      | 2,392,127    |
| Total operating revenues   | 22,466,374   | 29,418,522   | 32,331,530                        | 29,040,954   | 28,963,206   |
| Operating expenses:  |              |              |                                   |              |              |
| Cost of power  | 18,426,575   | 20,118,702   | 17,524,821                        | 16,161,707   | 16,544,212   |
| Operating and maintenance<br>(excluding depreciation, amoriza-<br>tion and in lieu of tax transfers) | 5,743,559    | 11,968,002   | 8,338,540                         | 9,202,322    | 8,702,165    |
| Total operating expenses   | 24,170,134   | 32,086,704   | 25,863,361                        | 25,364,029   | 25,246,377   |
| Net operating revenues   | (1,703,760)  | (2,668,182)  | 6,468,169                         | 3,676,925    | 3,716,829    |
| Other income and expense (net)   | 986,883      | 446,786      | 174,107                           | 133,726      | 305,636      |
| Balance available for debt service   | (716,877)    | (2,221,396)  | 6,642,276                         | 3,810,651    | 4,022,465    |
| Debt service on bonds  | 1,048,478    | 1,643,620    | 1,633,300                         | 1,631,300    | 1,868,221    |
| Debt service coverage ratio  | (0.68)       | (1.35)       | 4.07                              | 2.34         | 2.15         |

(1) Historical data has been taken from audited financial statements of the Power Fund.

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Electric Revenue Bonds-Series 2001 & 2004**  
**Fiscal Year Ending June 30, 2005**

**Table 4A**  
**Power Fund Projected Operating Results (1)**

|  | Fiscal Year Ending June 30 |              |              |              |              |
|--|----------------------------|--------------|--------------|--------------|--------------|
|  | <u>2006</u>                | <u>2007</u>  | <u>2008</u>  | <u>2009</u>  | <u>2010</u>  |
| Operating revenues:  |                            |              |              |              |              |
| Energy sales revenue   | \$29,127,000               | \$30,596,000 | \$34,055,000 | \$34,897,000 | \$36,450,000 |
| Miscellaneous  | 1,765,000                  | 1,035,000    | 867,000      | 867,000      | 867,000      |
| Total operating revenues   | 30,892,000                 | 31,631,000   | 34,922,000   | 35,764,000   | 37,317,000   |
| Operating expenses:  |                            |              |              |              |              |
| Cost of power  | 17,558,000                 | 18,017,000   | 19,369,000   | 20,217,000   | 21,150,000   |
| Operating and maintenance<br>(excluding depreciation, amoriza-<br>tion and in lieu of tax transfers) | 8,124,000                  | 8,293,000    | 8,525,000    | 8,699,000    | 8,895,000    |
| Total operating expenses   | 25,682,000                 | 26,310,000   | 27,894,000   | 28,916,000   | 30,045,000   |
| Net operating revenues   | 5,210,000                  | 5,321,000    | 7,028,000    | 6,848,000    | 7,272,000    |
| Other income and expense (net)   | 185,000                    | 210,000      | 235,000      | 260,000      | 285,000      |
| Balance available for debt service   | 5,395,000                  | 5,531,000    | 7,263,000    | 7,108,000    | 7,557,000    |
| Debt service on bonds  | 2,345,000                  | 2,349,000    | 2,349,000    | 2,349,000    | 2,352,000    |
| Debt service coverage ratio  | 2.31                       | 2.36         | 3.1          | 3.03         | 3.22         |

(1) Basis of projection for Fiscal Years 2006 through 2010 utilizes actual data.

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Excise Tax Road Bonds-Series 2003**  
**Fiscal Year Ending June 30, 2005**

**Table 1**  
**Sources of Revenues for Class B and Class C Road Allocations**  
**(Expressed in Thousands)**

|                                 | <u>Fiscal Year</u><br><u>2000</u> | <u>Fiscal Year</u><br><u>2001</u> | <u>Fiscal Year</u><br><u>2002</u> | <u>Fiscal Year</u><br><u>2003</u> | <u>Fiscal Year</u><br><u>2004</u> |
|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Motor Fuel Tax                  | 237,574                           | 229,410                           | 237,925                           | 236,639                           | 239,925                           |
| Special Fuel Tax                | 76,590                            | 80,590                            | 84,406                            | 84,523                            | 86,163                            |
| Motor Vehicle Registration Fees | 25,848                            | 25,935                            | 27,378                            | 28,359                            | 29,390                            |
| Proportional Registration Fees  | 12,203                            | 11,554                            | 11,665                            | 11,838                            | 11,830                            |
| Temporary Permits               | 372                               | 409                               | 401                               | 397                               | 360                               |
| Special Transportation Permits  | 5,678                             | 5,911                             | 5,831                             | 6,112                             | 5,962                             |
| Highway Use Permits             | 8,123                             | 7,473                             | 8,000                             | 7,944                             | 8,148                             |
| Motor Vehicle Control Fees      | 4,173                             | 4,093                             | 4,167                             | 4,289                             | 4,515                             |
| Mecellaneous Permits & Fees     | 1,605                             | 1,881                             | 1,610                             | 1,721                             | 1,852                             |
| Investment Income               | 3,911                             | 4,616                             | 2,075                             | 1,655                             | 1,934                             |
| Mecellaneous Other Income       | 3,040                             | 2,591                             | 1,720                             | 3,081                             | 1,049                             |
| <b>TOTAL</b>                    | <b>379,117</b>                    | <b>374,463</b>                    | <b>385,178</b>                    | <b>386,558</b>                    | <b>391,128</b>                    |

(Source: Utah State Auditor's Office-Comprehensive Annual Financial Financial Reports.)

**Table 2**  
**Class C Road Fund Distributions**

| <u>Year</u> | <u>Murray City</u><br><u>Allocations</u> | <u>Total B &amp; C Road</u><br><u>Fund Allocations</u> |
|-------------|--|--|
| 2000        | 1,146,106                                | 108,175,116  |
| 2001        | 1,146,081                                | 104,976,375  |
| 2002        | 1,081,093                                | 107,357,917  |
| 2003        | 1,177,321                                | 115,755,260  |
| 2004        | 1,545,953                                | 126,044,713  |
| 2005        | 1,200,096                                | 99,940,917   |

(Source Mirray City and Utah Department of Transportation)

**Table 3**  
**Calculation of Actural & Estimated Debt Service Coverage**

| <u>Fiscal Year</u> | <u>Actual* or Projected</u><br><u>Class C Road Funds</u> | <u>Debt Service</u><br><u>2003 Bonds</u> | <u>Coverage</u> |
|--------------------|--|--|-----------------|
| 2004*              | 1,545,953  | 34,688                                   | 44.57           |
| 2005*              | 1,200,096  | 599,025                                  | 2.00            |
| 2006               | 1,250,000  | 598,225                                  | 2.09            |
| 2007               | 1,250,000  | 597,225                                  | 2.09            |
| 2008               | 1,250,000  | 600,263                                  | 2.08            |
| 2009               | 1,250,000  | 600,075                                  | 2.08            |
| 2010               | 1,250,000  | 213,150                                  | 5.86            |

(Source Mirray City)

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003**  
**Fiscal Year Ending June 30, 2005**

**Table 1**  
**Historical Net Revenues and Debt Service Coverage(1)(2)**

|  | Fiscal Year Ending June 30 |                  |                  |                  |                  |
|--|----------------------------|------------------|------------------|------------------|------------------|
|  | <u>2001</u>                | <u>2002</u>      | <u>2003</u>      | <u>2004</u>      | <u>2005</u>      |
| Operating Revenue  |                            |                  |                  |                  |                  |
| Charges for Services   | 5,799,142                  | 5,438,058        | 6,132,548        | 7,293,072        | 6,935,371        |
| Fees   | 358,871                    | 266,938          | 566,679          | 429,738          | 2,014,598        |
| Other  | 51,825                     | 6,961            | 22,835           | 120,034          | 20,442           |
| <b>Total Sources of Funds</b>  | <b>6,209,838</b>           | <b>5,711,957</b> | <b>6,722,062</b> | <b>7,842,844</b> | <b>8,970,411</b> |
| Operating Expenses   |                            |                  |                  |                  |                  |
| Transmission & Distribution  | 2,016,987                  | 2,178,368        | 2,146,999        | 2,281,379        | 2,421,315        |
| Administration and General   | 1,553,243                  | 1,538,127        | 1,654,477        | 1,887,448        | 1,671,031        |
| Operation & Maintenance  | 594,156                    | 644,616          | 773,453          | 696,875          | 707,456          |
| (Excluding depreciation, amortization,<br>in lieu of tax transfers and loss on<br>joint venture) |                            |                  |                  |                  |                  |
| <b>Total Expenses</b>  | <b>4,164,386</b>           | <b>4,361,111</b> | <b>4,574,929</b> | <b>4,865,702</b> | <b>4,799,802</b> |
| <b>Net Operating Income</b>  | <b>2,045,452</b>           | <b>1,350,846</b> | <b>2,147,133</b> | <b>2,977,142</b> | <b>4,170,609</b> |
| Non-Operating Income   |                            |                  |                  |                  |                  |
| Interest Income  | 51,205                     | 40,876           | 1,802            | 61,432           | 61,321           |
| Interest Expense on interfund loan   | (102,335)                  | (95,000)         | (148,236)        | (37,000)         | (30,000)         |
| Developers Contributions   | 0                          | 706,544          | 81,570           | 0                | 0                |
| Gain (loss) on Disposal of Assets  | (3,728)                    | 0                | (1,750)          | 2,340            | 43,988           |
| <b>Total Non-Operating Revenues</b>  | <b>(54,858)</b>            | <b>652,420</b>   | <b>(66,614)</b>  | <b>26,772</b>    | <b>75,309</b>    |
| <b>Balance available for debt service</b>  | <b>1,990,594</b>           | <b>2,003,266</b> | <b>2,080,519</b> | <b>3,003,914</b> | <b>4,245,918</b> |
| Debt service on bonds  | 0                          | 0                | 0                | 106,605          | 651,825          |
| <b>Balance Remaining After debt service</b>  | <b>1,990,594</b>           | <b>2,003,266</b> | <b>2,080,519</b> | <b>2,897,309</b> | <b>3,594,093</b> |
| <b>Debt Service Coverage</b>   | <b>n/a</b>                 | <b>n/a</b>       | <b>n/a</b>       | <b>28.18</b>     | <b>6.51</b>      |

- (1) The City had no outstanding debt payable from Revenues of the System prior to the Series 2003 Bonds.  
(2) Data has been taken from audited financial statements if the Water and Sewer Funds.

**MURRAY CITY CORPORATION**  
**Continuing Disclosure - Water and Sewer Revenue Bonds - Series 2003**  
**Fiscal Year Ending June 30, 2005**

**Table 2**

**Ten Largest Water and Sewer Customers**

| <u>Name</u>               | <u>Water Charges</u> | <u>Sewer Charges</u> | <u>Total</u> |
|---------------------------|----------------------|----------------------|--------------|
| Murray City Corporation   | \$113,194            | \$66,647             | \$179,841    |
| Murray School District    | 88,930               | 42,502               | 131,431      |
| Intermountain Health Care | 43,586               | 53,740               | 97,326       |
| Hunters Woods Apartments  | 39,476               | 50,864               | 90,340       |
| Stillwater Apartments     | 41,964               | 46,912               | 88,876       |
| Three Fountains Condos    | 40,510               | 41,376               | 81,886       |
| Winchester Estates        | 38,422               | 31,224               | 69,647       |
| Jamespointe Apartments    | 25,335               | 29,987               | 55,323       |
| Applegate Condos          | 25,830               | 26,275               | 52,105       |
| Fashion Place Mall        | 24,039               | 27,593               | 51,631       |

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003**  
**Fiscal Year Ending June 30, 2005**

**Table 3A**  
**Five Year Financial Summaries of the System**

**Balance Sheet-Water Enterprise Fund**

|   | <b>Fiscal Year Ending June 30</b> |                    |                    |                    |                    |
|---|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
|   | <u>2001</u>                       | <u>2002</u>        | <u>2003</u>        | <u>2004</u>        | <u>2005</u>        |
| <b>Current assets:</b>                    |                                   |                    |                    |                    |                    |
| Cash and cash equivalents                 | 673,359                           | 22,803             | 26,347             | 1,239,544          | 2,602,412          |
| <b>Receivables:</b>                       |                                   |                    |                    |                    |                    |
| Accounts, net of allowance                | 402,879                           | 334,023            | 518,285            | 510,367            | 349,375            |
| Other receivables                         | 51,319                            | 1,131              | 450                | 450                | 8,975              |
| Due from other funds                      | <u>0</u>                          | <u>210,987</u>     | <u>0</u>           | <u>0</u>           | <u>33,288</u>      |
| Total current assets                      | <u>1,127,557</u>                  | <u>568,944</u>     | <u>545,082</u>     | <u>1,750,361</u>   | <u>2,994,050</u>   |
| <b>Restricted cash</b>                    | 0                                 | 0                  | 0                  | 1,658,133          | 422,702            |
| <b>Property, plant and equipment:</b>     |                                   |                    |                    |                    |                    |
| Land                                      | 1,197,419                         | 1,197,419          | 1,318,666          | 1,714,666          | 1,714,666          |
| Buildings                                 | 570,550                           | 570,550            | 570,550            | 570,550            | 570,550            |
| Improvements other than buildings         | 12,311,861                        | 13,675,432         | 14,073,404         | 14,702,406         | 18,538,057         |
| Machinery and equipment                   | 1,946,757                         | 2,018,113          | 2,065,505          | 2,511,769          | 2,534,912          |
| Furniture and fixtures                    | 374,138                           | 394,806            | 394,806            | 394,806            | 394,806            |
| Construction in progress                  | 0                                 | 0                  | 517,574            | 3,446,352          | 244,954            |
| Accumulated dedreciation                  | <u>(7,611,250)</u>                | <u>(8,112,466)</u> | <u>(8,632,906)</u> | <u>(9,180,051)</u> | <u>(9,803,253)</u> |
| Net property, plant and equipment         | <u>8,789,475</u>                  | <u>9,743,854</u>   | <u>10,307,599</u>  | <u>14,160,498</u>  | <u>14,194,692</u>  |
| <b>Other assets</b>                       |                                   |                    |                    |                    |                    |
| Unamortized bond issue costs              | 0                                 | 0                  | 0                  | 22,762             | 21,564             |
| <b>Total assets</b>                       | <u>9,917,032</u>                  | <u>10,312,798</u>  | <u>10,852,681</u>  | <u>17,591,754</u>  | <u>17,633,008</u>  |
| <b>Liabilities:</b>                       |                                   |                    |                    |                    |                    |
| <b>Current liabilities</b>                |                                   |                    |                    |                    |                    |
| Accounts payable                          | 92,275                            | 77,482             | 163,659            | 991,617            | 218,829            |
| Accrued liabilities                       | 21,925                            | 21,512             | 26,474             | 40,717             | 44,486             |
| Due to other funds                        | 54,605                            | 11,835             | 234,133            | 10,085             | 10,085             |
| Long-term debt - current portion          | 0                                 | 0                  | 0                  | 190,900            | 194,024            |
| Accrued interest                          | <u>0</u>                          | <u>0</u>           | <u>0</u>           | <u>54,745</u>      | <u>53,791</u>      |
| Total current liabilities                 | 168,805                           | 110,829            | 424,266            | 1,288,064          | 521,215            |
| <b>Compensated absences:</b>              | 67,706                            | 59,030             | 66,147             | 70,186             | 74,477             |
| <b>Long-term debt, due after one year</b> | <u>0</u>                          | <u>0</u>           | <u>0</u>           | <u>5,129,100</u>   | <u>4,935,076</u>   |
| <b>Total liabilities</b>                  | <u>236,511</u>                    | <u>169,859</u>     | <u>490,413</u>     | <u>6,487,350</u>   | <u>5,530,768</u>   |
| <b>Net assets</b>                         |                                   |                    |                    |                    |                    |
| Investment in capital assets net of debt  | 8,789,475                         | 9,743,854          | 10,307,599         | 9,031,398          | 9,065,592          |
| Restricted for debt service               | 0                                 | 0                  | 0                  | 1,658,133          | 0                  |
| Unrestricted                              | <u>891,046</u>                    | <u>399,085</u>     | <u>54,669</u>      | <u>414,873</u>     | <u>3,036,648</u>   |
| <b>Total net assets</b>                   | <u>9,680,521</u>                  | <u>10,142,939</u>  | <u>10,362,268</u>  | <u>11,104,404</u>  | <u>12,102,240</u>  |

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003**  
**Fiscal Year Ending June 30, 2005**

**Table 3B**  
**Five Year Financial Summaries of the System**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Water Enterprise Fund**

|  | <b>Fiscal Year Ending June 30</b> |                   |                   |                   |                   |
|--|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
|  | <u>2001</u>                       | <u>2002</u>       | <u>2003</u>       | <u>2004</u>       | <u>2005</u>       |
| Operating revenues                       |                                   |                   |                   |                   |                   |
| Sales and charges for service            | 3,158,211                         | 3,014,658         | 3,250,716         | 4,260,983         | 3,828,387         |
| Connection servicing fees                | 253,181                           | 179,219           | 397,576           | 269,711           | 1,240,859         |
| Other                                    | <u>25,939</u>                     | <u>3,116</u>      | <u>15,098</u>     | <u>62,109</u>     | <u>13,685</u>     |
| Total operating revenues                 | <u>3,437,331</u>                  | <u>3,196,993</u>  | <u>3,663,390</u>  | <u>4,592,803</u>  | <u>5,082,931</u>  |
| Operating expenses                       |                                   |                   |                   |                   |                   |
| Transmission, distribution & maintenance | 1,359,454                         | 1,471,871         | 1,450,283         | 1,516,252         | 1,686,865         |
| Administrative and general               | 1,178,363                         | 1,140,222         | 1,210,223         | 1,426,708         | 1,208,218         |
| Depreciation and amortization (1)        | 481,094                           | 503,136           | 535,550           | 570,726           | 729,670           |
| In lieu of tax transfers (1)             | <u>289,008</u>                    | <u>269,009</u>    | <u>304,137</u>    | <u>380,475</u>    | <u>342,363</u>    |
| Total operating expenses                 | <u>3,307,919</u>                  | <u>3,384,238</u>  | <u>3,500,193</u>  | <u>3,894,161</u>  | <u>3,967,116</u>  |
| Operating income (loss)                  | <u>129,412</u>                    | <u>(187,245)</u>  | <u>163,197</u>    | <u>698,642</u>    | <u>1,115,815</u>  |
| Nonoperating revenues (expenses)         |                                   |                   |                   |                   |                   |
| Interest revenue                         | 51,205                            | 40,197            | 1,507             | 41,154            | 53,887            |
| Interest expense                         | 0                                 | 0                 | 0                 | 0                 | (215,854)         |
| Contributed assets from developers       | 0                                 | 619,466           | 57,478            | 0                 | 0                 |
| Gain (loss) on disposal of equipment     | 0                                 | 0                 | (2,853)           | 2,340             | 43,988            |
| Net nonoperating revenues (expense)      | <u>51,205</u>                     | <u>659,663</u>    | <u>56,132</u>     | <u>43,494</u>     | <u>(117,979)</u>  |
| Income (loss) before operating transfers | 180,617                           | 472,418           | 219,329           | 742,136           | 997,836           |
| Operating transfers                      | <u>(10,000)</u>                   | <u>(10,000)</u>   | <u>0</u>          | <u>0</u>          | <u>0</u>          |
| Charge in net assets                     | 170,617                           | 462,418           | 219,329           | 742,136           | 997,836           |
| Net assets at beginning of year          | <u>9,509,904</u>                  | <u>9,680,521</u>  | <u>10,142,939</u> | <u>10,362,268</u> | <u>11,104,404</u> |
| Net assets at end of year                | <u>9,680,521</u>                  | <u>10,142,939</u> | <u>10,362,268</u> | <u>11,104,404</u> | <u>12,102,240</u> |

(1) Not included as an Operating and Maintenance Expense.

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003**  
**Fiscal Year Ending June 30, 2005**

**Table 4A**  
**Five Year Financial Summaries of the System**  
**Balance Sheet-Sewer Enterprise Fund**

|   | <b>Fiscal Year Ending June 30</b> |                    |                    |                    |                    |
|---|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
|   | <b><u>2001</u></b>                | <b><u>2002</u></b> | <b><u>2003</u></b> | <b><u>2004</u></b> | <b><u>2005</u></b> |
| <b>Current assets:</b>                    |                                   |                    |                    |                    |                    |
| Cash and cash equivalents                 | 40,058                            | 10,523             | 85,916             | 556,392            | 1,433,959          |
| <b>Receivables:</b>                       |                                   |                    |                    |                    |                    |
| Accounts, net of allowance                | 217,028                           | 213,267            | 259,274            | 266,774            | 266,309            |
| Other receivables                         | 0                                 | 0                  | 0                  | 0                  | 0                  |
| Due from other funds                      | 0                                 | 10,987             | 0                  | 10,085             | 10,085             |
| Due from other governments                | <u>111,150</u>                    | <u>111,150</u>     | <u>111,150</u>     | <u>111,150</u>     | <u>111,150</u>     |
| Total current assets                      | <u>368,236</u>                    | <u>345,927</u>     | <u>456,340</u>     | <u>944,401</u>     | <u>1,821,503</u>   |
| <b>Restricted cash</b>                    | 0                                 | 0                  | 0                  | 416,660            | 0                  |
| <b>Property, plant and equipment:</b>     |                                   |                    |                    |                    |                    |
| Land                                      | 178,487                           | 178,487            | 178,487            | 178,487            | 178,487            |
| Buildings                                 | 949,132                           | 949,132            | 949,132            | 949,132            | 949,132            |
| Improvements other than buildings         | 4,320,324                         | 4,407,402          | 4,441,756          | 7,776,639          | 7,776,639          |
| Machinery and equipment                   | 1,289,715                         | 1,289,715          | 1,279,795          | 1,279,795          | 1,279,795          |
| Furniture and fixtures                    | 90,368                            | 102,768            | 102,762            | 102,762            | 102,762            |
| Construction in progress                  | 0                                 | 0                  | 283,378            | 0                  | 0                  |
| Accumulated dedreciation                  | <u>(3,121,993)</u>                | <u>(3,333,371)</u> | <u>(3,535,892)</u> | <u>(3,725,419)</u> | <u>(4,085,386)</u> |
| Net property, plant and equipment         | <u>3,706,033</u>                  | <u>3,594,133</u>   | <u>3,699,418</u>   | <u>6,561,396</u>   | <u>6,201,429</u>   |
| <b>Other assets:</b>                      |                                   |                    |                    |                    |                    |
| Investment in joint ventures              | 5,968,665                         | 5,970,907          | 5,955,256          | 5,662,169          | 4,178,178          |
| Unamrotized bond issue costs              | 0                                 | 0                  | 0                  | 13,605             | 12,889             |
| Total other assets                        | <u>5,968,665</u>                  | <u>5,970,907</u>   | <u>5,955,256</u>   | <u>5,675,774</u>   | <u>4,191,067</u>   |
| <b>Total assets</b>                       | <u>10,042,934</u>                 | <u>9,910,967</u>   | <u>10,111,014</u>  | <u>13,598,231</u>  | <u>12,213,999</u>  |
| <b>Liabilities:</b>                       |                                   |                    |                    |                    |                    |
| <b>Current liabilities</b>                |                                   |                    |                    |                    |                    |
| Accounts payable                          | 106,827                           | 108,393            | 110,907            | 339,933            | 73,489             |
| Accrued liabilities                       | 9,735                             | 9,718              | 10,725             | 17,165             | 18,979             |
| Due to other funds                        | 1,924,448                         | 1,906,487          | 2,014,133          | 1,800,000          | 6,480              |
| Long-term debt - current portion          | 0                                 | 0                  | 0                  | 114,100            | 115,976            |
| Accrued interest                          | 0                                 | 0                  | 0                  | <u>32,724</u>      | <u>32,153</u>      |
| Total current liabilities                 | 2,041,010                         | 2,024,598          | 2,135,765          | 2,303,922          | 247,077            |
| <b>Compensated absences:</b>              | 12,605                            | 15,684             | 17,103             | 16,958             | 16,358             |
| <b>Long-term debt, due after one year</b> | 0                                 | 0                  | 0                  | <u>3,065,900</u>   | <u>2,949,924</u>   |
| <b>Total liabilities</b>                  | <u>2,053,615</u>                  | <u>2,040,282</u>   | <u>2,152,868</u>   | <u>5,386,780</u>   | <u>3,213,359</u>   |
| <b>Net assets</b>                         |                                   |                    |                    |                    |                    |
| Investment in capital assets net of debt  | 9,674,698                         | 9,565,040          | 9,654,674          | 9,157,665          | 7,313,707          |
| Restricted for debt service               | 0                                 | 0                  | 0                  | 416,660            | 314,066            |
| Unrestricted                              | <u>(1,685,379)</u>                | <u>(1,694,355)</u> | <u>(1,696,528)</u> | <u>(1,362,874)</u> | <u>1,372,867</u>   |
| <b>Total net assets</b>                   | <u>7,989,319</u>                  | <u>7,870,685</u>   | <u>7,958,146</u>   | <u>8,211,451</u>   | <u>9,000,640</u>   |

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003**  
**Fiscal Year Ending June 30, 2005**

**Table 4B**  
**Five Year Financial Summaries of the System**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Sewer Enterprise Fund**

|  | <b>Fiscal Year Ending June 30</b> |                    |                    |                    |                    |
|--|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
|  | <b><u>2001</u></b>                | <b><u>2002</u></b> | <b><u>2003</u></b> | <b><u>2004</u></b> | <b><u>2005</u></b> |
| Operating revenues                       |                                   |                    |                    |                    |                    |
| Sales and charges for service            | 2,640,931                         | 2,423,400          | 2,881,832          | 3,032,089          | 3,106,984          |
| Connection servicing fees                | 105,690                           | 87,719             | 169,103            | 160,027            | 773,739            |
| Other                                    | <u>25,886</u>                     | <u>3,845</u>       | <u>7,737</u>       | <u>57,925</u>      | <u>6,757</u>       |
| Total operating revenues                 | <u>2,772,507</u>                  | <u>2,514,964</u>   | <u>3,058,672</u>   | <u>3,250,041</u>   | <u>3,887,480</u>   |
| Operating expenses                       |                                   |                    |                    |                    |                    |
| Transmission, distribution & maintenance | 657,533                           | 706,497            | 696,716            | 765,127            | 734,450            |
| Administrative and general               | 374,880                           | 397,905            | 444,254            | 460,740            | 462,813            |
| Depreciation and amortization (1)        | 184,388                           | 211,378            | 212,440            | 189,527            | 359,967            |
| Central Valley operation & maintenance   | 594,156                           | 644,616            | 773,453            | 696,875            | 707,456            |
| In lieu of tax transfers (1)             | <u>289,008</u>                    | <u>269,009</u>     | <u>304,137</u>     | <u>276,481</u>     | <u>266,484</u>     |
| Total operating expenses                 | <u>2,099,965</u>                  | <u>2,229,405</u>   | <u>2,431,000</u>   | <u>2,388,750</u>   | <u>2,531,170</u>   |
| Operating income (loss)                  | <u>672,542</u>                    | <u>285,559</u>     | <u>627,672</u>     | <u>861,291</u>     | <u>1,356,310</u>   |
| Nonoperating revenues (expenses)         |                                   |                    |                    |                    |                    |
| Interest revenue                         | 0                                 | 679                | 295                | 20,278             | 7,434              |
| Interest expense on interfund loan       | (102,335)                         | (95,000)           | (148,236)          | (143,605)          | (175,459)          |
| Gain (loss) on disposal of equipment     | (3,728)                           | 0                  | 1,103              | 0                  | 0                  |
| Equity loss in joint venture (1)         | (341,525)                         | (386,950)          | (417,465)          | (484,659)          | (399,096)          |
| Contributed assets from developers       | <u>0</u>                          | <u>87,078</u>      | <u>24,092</u>      | <u>0</u>           | <u>0</u>           |
| Net nonoperating revenues (expense)      | <u>(447,588)</u>                  | <u>(394,193)</u>   | <u>(540,211)</u>   | <u>(607,986)</u>   | <u>(567,121)</u>   |
| Income (loss) before operating transfers | 224,954                           | (108,634)          | 87,461             | 253,305            | 789,189            |
| Operating transfers                      | <u>(10,000)</u>                   | <u>(10,000)</u>    | <u>0</u>           | <u>0</u>           | <u>0</u>           |
| Charge in net assets                     | 214,954                           | (118,634)          | 87,461             | 253,305            | 789,189            |
| Net assets at beginning of year          | <u>7,774,365</u>                  | <u>7,989,319</u>   | <u>7,870,685</u>   | <u>7,958,146</u>   | <u>8,211,451</u>   |
| Net assets at end of year                | <u>7,989,319</u>                  | <u>7,870,685</u>   | <u>7,958,146</u>   | <u>8,211,451</u>   | <u>9,000,640</u>   |

(1) Not included as an Operating and Maintenance Expense.